City of Kankakee, Illinois

Comprehensive Annual Financial Report for the Fiscal Year Ended April 30, 2008

Prepared by:
The Comptroller's Office
James A. Spice
Comptroller

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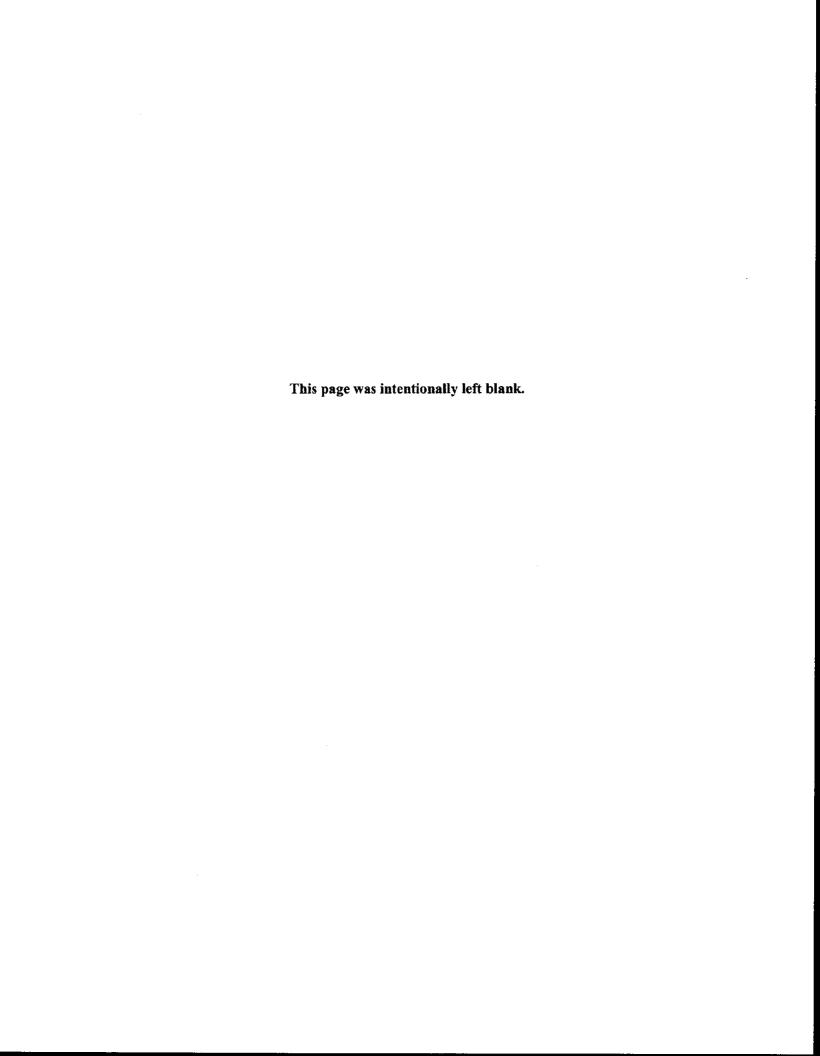
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INTRODUCTORY SECTION



Comptroller 304 South Indiana Avenue Kankakee, Illinois 60901 (815) 933-0491 Fax (815) 936-7329

December 15, 2008

Honorable Mayor, City Aldermen, and citizens of the City of Kankakee:

The Comprehensive Annual Financial Report (CAFR) of the City of Kankakee, Illinois for the fiscal year ended April 30, 2008 is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with City of Kankakee management. To the best of the Comptroller's knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of all the governmental activities, business-type activities, component units, and funds of the City of Kankakee. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The City adopted the Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments, beginning with the fiscal year ended April 30, 2004. The GASB is an organization that establishes accounting and financial reporting standards for state and local governments in the United States. GASB Statement No. 34 significantly changed the required format for governmental statements in a number of ways. The most significant of these changes was to require that governments prepare entity-wide financial statements in addition to the fund-based financial statements that governments have traditionally prepared. The entity-wide financial statements present a government's financial position and results of operations in a manner similar to a business.

The Reporting Entity and its Services

This report includes all of the funds for the City of Kankakee (the primary government), as well as its component units, the Kankakee Public Library and Special Service Area #1. Component units are autonomous entities for which the primary government is financially accountable.

The City of Kankakee was incorporated in 1865 and operates as a home rule municipality pursuant to the 1970 Illinois Constitution. The City is governed by an elected mayor and a City Council comprised of 14 aldermen. Two aldermen are elected from each of the City's seven wards for four-year terms. Mayoral elections are held every four years.

The City provides a full range of public services including: public safety (police, fire, emergency ambulance, and code enforcement), street and public infrastructure maintenance, sanitation, sanitary sewer collection, storm drainage, health and social services, culture and recreation, municipal planning and zoning, and general administrative services. Wastewater treatment service is provided by the Kankakee River Metropolitan Agency ("KRMA"), which is jointly owned and operated by the City and the neighboring Villages of Bradley, Bourbonnais and Aroma Park. Water service is provided by Aqua Illinois, Inc., a private utility.

The City of Kankakee is located in Kankakee County, approximately 60 miles south of Chicago in the northeastern section of the State of Illinois. The City has recently extended its boundaries in a southerly direction through annexation. Since 1990, the area of the City has grown from 10.2 square miles to the current 14.2 square miles, an increase of 39% in land area. With a current population of 27,491 (2000 U.S. Census), the City acts as the industrial and service center for the Kankakee metropolitan area, operates as the center of a metropolitan populace of approximately 65,000 people, and is the county seat of Kankakee County, which has a population of 103,833 people.

The Kankakee River

One of the City's greatest assets from an economic and recreational standpoint is the Kankakee River, which flows in a northwesterly direction through the middle of the City from Indiana toward the Illinois River. At the point where it flows through the City, the river is about ¼ of a mile wide. There are several City parks along the river's edge that provide opportunities for public fishing and boating activities. At the end of each summer, the City hosts a national speed boat racing championship on the river which draws many boaters and tourists to the area. The Kankakee River State Park, which covers an area of about 4,000 acres, is located about seven miles northwest of the City. The park attracts thousands of tourists to the area annually.

The Kankakee River serves as the source for the metropolitan region's drinking water supplied by Aqua Illinois, Inc., a private utility. The river has a dam close to the downtown area of the City. The water behind the dam powers a City owned low-head hydroelectric plant. The plant generates electricity that is used for the operation of the KRMA wastewater treatment plant.

Transportation

The City is situated in the center of Kankakee County, which is contiguous to Will County on its northern border. One of the nation's major north-south routes, I-57, passes along the eastern side of the City, provides access to the heart of the City of Chicago in approximately one hour driving time. The City of Kankakee is about 30 miles south of I-80, a major national east-west highway connecting the east and west coasts of the nation.

The City's public road transportation needs are met by Greyhound bus line, as well as the region's metropolitan bus service. Railroads serving the County include Illinois Central Gulf (owned by Canadian National Railroad), Conrail (owned by Norfolk Southern), and Amtrak (provides passenger service). The Kankakee Valley Airport is located two miles south of the City and has hangar space for 110 aircraft. The airport is utilized by both general aviation aircraft and corporate planes.

Education

Kankakee School District No. 111 provides educational services for pre-kindergarten through grade 12 with enrollment of approximately 5,169. One parochial school serves the Kankakee area. Higher education is available through Olivet Nazarene University (a four-year liberal arts college) in Bourbonnais, and Governor's State University, which is located a few miles outside of the County in University Park.

Olivet Nazarene University has increased its enrollment to the current level of 4,500, which includes 3,045 undergraduates. The number of students living on-campus has grown substantially from 1,102 in 1990 to 1,986 in 2008. The greatest enrollment growth has occurred at the graduate level, where the number of students has grown to the current level of 1,494. Two year undergraduate education is offered at Kankakee Community College, located on a 160 acre campus in Kankakee. There are 3,521 students currently enrolled at the community college.

Internal Control Objectives and Inherent Limitations

City of Kankakee management is responsible for establishing, implementing and maintaining a framework of internal controls designed to ensure that City assets are protected from loss, theft or misuse, and to ensure that sufficiently reliable information is compiled to provide for the preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of control should not exceed the benefits likely to be derived, the City of Kankakee's internal controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

The Comptroller's Office is responsible for providing all centralized City financial services, including financial accounting, reporting, budgeting, payroll, collections, accounts payable, cash and investment management, and debt management. The Comptroller, who is appointed by the Mayor to supervise the department's operations, asserts that, to the best of his knowledge and belief, this financial report is complete and reliable in all material respects.

Budget Process

The City of Kankakee adopts annual budgets for the General Fund, Band Fund, Park Fund, IMRF Fund, SSA#2 Fund, SSA#3 Fund, and SSA#5 Fund. For the other special revenue funds, legally authorized non-appropriated budgets are used to control expenditures on a project (or designated purpose) basis, and are carried forward each year until the project is completed or the grant award has been expended. No legally adopted budgets are prepared for the capital projects and debt service funds. Expenditures for capital project funds are controlled on a project basis. Expenditures for debt service funds are controlled through general obligation bonds' indenture provisions. Additional information related to the City's budget process can be found on page 77 of this report.

Long-term Financial Planning

The City endorses the concept that those who benefit from the use of the City's capital assets should pay a proportionate share of the costs of those assets. The City has financed a host of capital projects (over \$30 million) in the past 15 years through the issuance of bonds. This allows the City to amortize the costs of the projects, at least to a degree, over the life of the constructed assets. The Capital Projects Fund, which provides the financing for major capital improvements over a multi-year basis, has been a useful tool to the City in planning for the replacement and enhancement of its infrastructure assets.

Major Initiatives and Economic Outlook

Employment opportunities in the City are diverse. On the private side, several companies in the Kankakee metropolitan area are manufacturing divisions of Fortune 500 companies making a variety of products. Many of these industries compete in national and international markets. Major regional employers include Armstrong World Industries, Cognis Corporation, K-Mart and Sears Distribution Centers, Wal-Mart, Aventis Behring, Rohm & Haas, CIGNA Insurance Claims Processing Center, Baker and Taylor, Provena St. Mary's Hospital, Super K-Mart, Riverside Medical Center and Shapiro Developmental Center.

The Kankakee metropolitan area has benefited from the investment in commercial activity. In August 1990, Northfield Square opened on the outskirts of the City. Northfield Square is a sizable mall, and includes Sears, JC Penney, and Carson Pirie Scott anchor stores. Mall stores employ about 1,000 people. Several other stores and establishments that are nationally recognized have operations located in the area. They include Holiday Inn Express, Lees Inn, Fairfield Inn, Hampton Inn, Best Buy, Red Lobster, Pizza Hut, Pier 1 Imports, Lone Star Steak House, Cracker Barrel, TGI Fridays, Old Country Buffet, Target, Barnes & Noble Booksellers, Staples, and International House of Pancakes.

In 2003, the City initiated redevelopment at Exit 308 on the southern border of the City. The project initially brought a Hilton Garden Inn hotel/convention center complex (completed late Summer 2004). A Gas City service station, which includes Dunkin Donuts, Great American Hotdog, and Subway Sandwich shops, opened in December 2005. A Taco Bell/Kentucky Fried Chicken Restaurant opened in late 2007, and a Wal-Mart Super Center opened for business in April 2008 in the project area. There is optimism that this project will act as an anchor for additional commercial and residential growth in south Kankakee.

In fiscal year 2000, the City entered into sales tax sharing agreements with various retail firms. These agreements have added a substantial amount of additional sales tax revenue to the City's General Fund. This tax sharing program is based on a company's willingness to site a purchasing and/or sales approval office within the boundaries of the City. The agreements provide that the City will share a portion of the local share of sales taxes that are generated on the transactions of the partnering companies.

The City's General Fund balance decreased by \$0.1 million this fiscal year. A key factor in the in decline in the General Fund balance was the extra costs related to the relocation of the City's Police Department during renovation and modernization of the Old City Hall. The Police Department employees were relocated to the recently renovated private building just behind and to the west of the Old City Hall, and will operate there until the renovations are completed.

Upon completion of the renovation, the Old City Hall will become the Public Safety Center, and will house the Police and Fire Departments. City Council meetings will again be conducted in the renovated building. In the interim, the City Council has been meeting in the meeting room of the Community Resource Center, which is located cater-cornered to the Old City Hall.

The City continues to realize increased revenues from the success of the aforementioned sales tax incentive program. This program resulted in a \$0.5 million (8.1%) increase in net sales tax revenues this year, and provided the opportunity in fiscal 2008 to eliminate the COP's fee, which generated approximately \$0.5 million a year in revenue. The City was also able to eliminate the vehicle license fee four years earlier as a result of the revenue produced by this program.

Other significant economic events during the past few years include the following:

- continued investments in infrastructure improvements (curb, gutter, sidewalk, and other capital improvements and additions) of over \$30 million throughout the City
- completion of the Wal-Mart Store, a new 200,000 square foot, \$10 mil. prototype super center store that employs between 350 to 500 people, located at Exit 308 of I-57 adjacent to the new Hilton Gardens Hotel (opened April 2008); construction of additional retail space was recently started
- leasing of 150,000 square feet of the formerly idle Roper manufacturing facility by Daimler-Chrysler for the warehousing and retooling of equipment
- completion of a four-story parking garage at Riverside Hospital; and additional expansion of the medical facilities for outpatient care and physician offices completed at a total estimated investment of \$24 million; the hospital recently announced its intention for expansion and modernization at an investment of up to \$65 million, to be completed by 2011
- addition of a \$9 million education and workforce training facility financed jointly by the Kankakee Community College and a state grant of \$1 million
- addition of a new office building for Peoples Bank at Court and Dearborn Streets, completed at an investment of \$2 million
- replacement of the North Fifth Avenue bridge and roadway over Soldier Creek, financed in part by a \$0.5 million state grant
- addition of the new Kankakee County Jail and Sheriff Administration building on the south side of I-57 near Exit 308
- historical restoration and preservation of the Station Street bridge over the Kankakee River at a cost of over \$2.4 million through a state grant (completed August 2006); the project won the American Public Works Association "Project of the Year" award for historical restoration and preservation in 2007
- addition of the IKO Roofing manufacturing facility that employs 55 full time people at a cost of \$40 million (completed April 2006)
- rehabilitation of the newly renamed Clock Tower Centre, a four tower, five story, 50,000 square foot building; the \$3 million project included replacing every window, replacing two elevators, and a complete rehab of the entire interior (completed July 2006)
- recent relocation of Esselte manufacturing operations to the UDS facility in the Eastgate Industrial Park, leading to the retention those manufacturing jobs that would have gone to an out-of-state facility

- creation by Aqua Illinois, Inc. (the local area water utility) of a Midwest call centre at the new Clock Tower Centre, providing 35 jobs (July 2006)
- first floor occupancy of a branch of the Homestar Bank at the new Clock Tower Centre, providing 7 jobs (February 2006), leading to the eventual construction of Homestar's own freestanding building and driveup stations (opened mid 2008)
- the relocation and expansion of the Jones International truck dealership on seven acres of land in the Eastgate Industrial Park from its current Court Street operation at an investment of over \$1 mil., retaining 12 jobs
- construction continues at Cognis Corp on a \$17 mil. expansion project that will serve to retain 280 jobs and will involve the relocation of a product line from a South Carolina facility
- addition of the Illinois Central Plaza park (including a water fountain) and Merchant Street Parking Lot, providing additional downtown parking, following the demolition of the aged former Carson Pirie Scott Building
- Kankakee Community College recently established an Adult Training Center in the downtown area
- Kankakee Community College completed construction of a \$9 mil. Arts and Sciences building
- the creation of a partnership between the City and the local newspaper company, the Daily Journal, and several sponsoring companies, to create an internet "Hot Spot" named Wi-fi Kankakee (www.wifikankakee.com) to provide limited free and unlimited affordable internet services for residents, businesses, and visitors

Future economic activities include:

- a state and county cooperative study is being conducted to determine the feasibility of extending commuter rail service from Chicago; the completion of Phase I of the study determined the project is feasible, and local officials have now committed to funding \$300,000 for Phase II
- the City of Kankakee completed renovation of the former Library Building, which now serves as the City Administration Building (opened July 2008), and continues renovations on the former City Hall Building, which will serve as a Public Safety Building, at a total cost of almost \$7 million
- the Kankakee County Economic Alliance will be partnering with the City on a comprehensive land use study of the areas surrounding and connecting Provena St. Mary's Hospital and Riverside Medical Center for creation of a health care corridor
- the City and the Kankakee Development Corporation partnered to revamp the Lakorta Group Downtown Plan that was created in 2000; the plan provides a framework for developers and businesses seeking to locate in the downtown area

Independent Audit

Illinois Compiled Statutes require an annual audit of the City's books of account, financial records, and transactions by an independent certified public accountant. The Certified Public Accounting firm of Payne, Gray, Groskreutz and Schmidt performed the audit of the records of the City for the fiscal year ending April 30, 2008. Their report is included herein.

As a recipient of various federal and state financial assistance programs, the City of Kankakee is also required to have an annual audit of certain major federal grant programs performed under the OMB Circular A-133. This audit contains information concerning whether grant activity is presented fairly in the general purpose financial statements, whether internal control is sufficient to provide reasonable assurance that the grant funds are managed properly, and whether material grant compliance requirements have been met. The Federal Single Audit is also included in this report.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Kankakee, Illinois for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended April 30, 2007. This was the eleventh consecutive year that the City of Kankakee has achieved this prestigious award.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

Timely and fairly presented financial statements and reports are essential to legislative officials, creditors, financial analysts, the general public and others having need for government financial information. The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff (Caroline Deulen, Jeannette Holden, Maureen Kambic, Sandy Leppert, and Tamie Seedorf) of the Comptroller's Office. We especially appreciate their dependability and the routine manner in which they each consistently, effectively and accurately perform their work.

We would like to express our appreciation to the Mayor and City Aldermen for supporting this office's efforts to plan and conduct the City's financial operations in a responsible and progressive manner. We would also like to express our appreciation to the firm of Payne, Gray, Groskreutz, and Schmidt for their professionalism, expertise, and assistance in the preparation of this report, with special appreciation to Stephen Schmidt, partner, and auditors M.J. Abraham, Dan Brough, Amy Eshleman, Becky Guidera, Emily Bonvallet, Rebecca Schatz and Dan Swanson.

Respectfully submitted,

James A. Spice Comptroller

City of Kankakee, Illinois

Officers and Officials April 30, 2008

Elected Officials

Mayor

Donald E. Green (1993 - 2009)

Council Members

First Ward

James R. Cox (1985 – 2011) Leatha A. Coleman (2005 – 2009)

Second Ward

JoAnne Schwade (1991 – 2011) Cheryl Jones (2005 – 2009)

Third Ward

John Trost (1999 – 2011) (deceased) Richard Diersen (2000 – 2009)

Fourth Ward

Kenneth Hearn (1997 – 2009) Danita Grant Swanson (2003 – 2011) City Clerk

Anjanita Dumas (2001 – 2009)

Fifth Ward

Hank Williams (2001 – 2009) Sam Ciaccio (2003 – 2011)

Sixth Ward

Dennis Baron (1987 – 2011) Nina Epstein (2001 – 2009)

Seventh Ward

Steven Hunter (1973 – 2009) P. Carl Brown (2001 – 2011)

Appointed Officials

Michael Kinkade Police Chief

Ronald Young Fire Chief

Bert Dear

Public Works Superintendent

David Tyson City Engineer

Larry Nolan

Community Development Director

Richard Simms

Municipal Utility Superintendent

Cindy Fuerst Librarian Chris Bohlen

Chief Legal Counsel

L. Patrick Powers City Attorney

Kenneth A. Leshen

Assistant City Attorney and Treasurer

James Gordon Personnel Director

Ercole Shaw

Director, Code and Planning

James A. Spice Comptroller

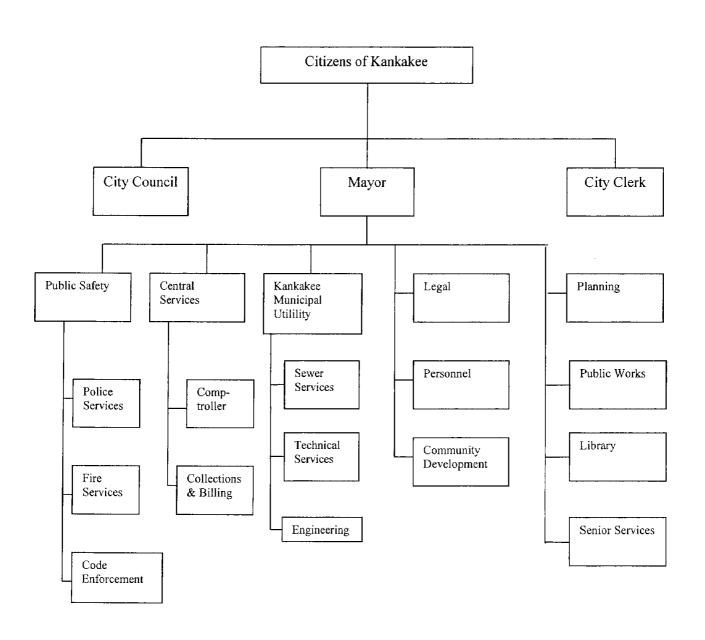
Julie Herscher

Senior Services and Victim's

Assistance Director

City of Kankakee, Illinois

Organizational Structure



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Kankakee Illinois

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
April 30, 2007

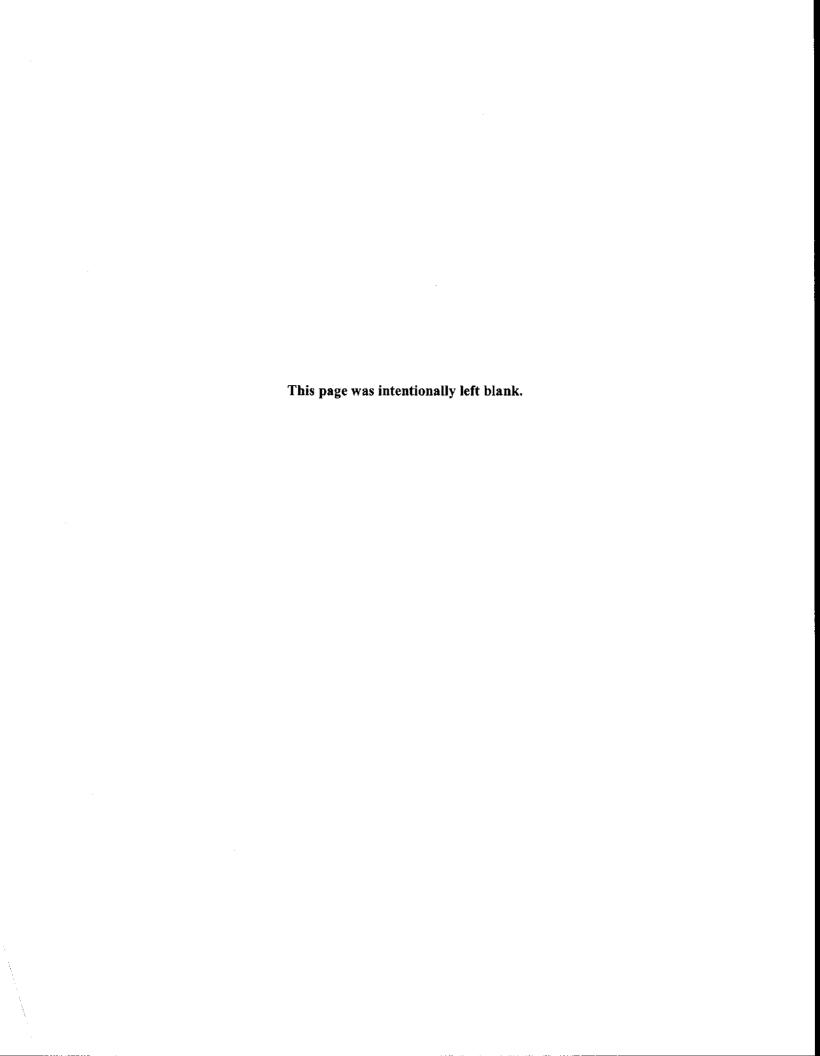
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Ole S. Cx

President

Executive Director



FINANCIAL SECTION



1949 West Court Street Kankakee, Illinois 60901 Phone: (815) 933-7781 Fax: (815) 933-2316 www.cpa-kankakee.com

PARTNERS

Larry D. Groskreutz, C.P.A. Stephen P. Schmidt, C.P.A.

INDEPENDENT AUDITORS' REPORT

To the Mayor and the City Council Kankakee, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the

CITY OF KANKAKEE, ILLINOIS

as of and for the year ended April 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Kankakee, Illinois' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Kankakee, Illinois, as of April 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated October 9, 2007, on our consideration of the City of Kankakee, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis and the required supplementary information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Kankakee, Illinois' basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and supplemental schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements of the City of Kankakee, Illinois. The combining and individual nonmajor fund financial statements and supplemental schedules and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements taken as a population of the basic financial statements and, accordingly, we express no opinion on them.

Fayne, Sray, Trookreaty & Schmidt

December 15, 2008



Comptroller 304 South Indiana Avenue Kankakee, Illinois 60901 (815) 933-0491 Fax (815) 936-7329

MANAGEMENT'S DISCUSSION AND ANALYSIS

APRIL 30, 2008

The City of Kankakee (the "City") is pleased to present its Management Discussion and Analysis (MD&A) related to the City's financial information for the fiscal year ended April 30, 2008. The MD&A serves as an introduction to the City's basic financial statements, and is designed to 1) assist the reader in focusing on significant financial issues; 2) provide an overview of the City's financial activity; 3) identify changes in the City's financial position (its ability to address subsequent years' challenges); 4) identify any material deviations from the financial plan (the approved budget); and 5) identify individual fund issues or concerns.

This report includes sections for the City of Kankakee basic financial statements, required supplementary information, a statistical section, and a section devoted to single audit (Federal grants reporting). The basic financial statement section has three components:

- 1) government-wide financial statements (Statement of Net Assets and Statement of Activities)
- 2) fund financial statements (governmental funds financial statements, proprietary fund financial statements, fiduciary fund financial statements (reflecting activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government), and component unit financial statements)
- 3) notes to the financial statements (a series of notes that provide additional information that is essential to a full understanding of the data provided in the City's basic financial statements)

Since this MD&A is designed only as an overview of the current fiscal year's activities, resulting changes, and currently known facts, please read it in conjunction with the City's basic financial statements (beginning on page 16).

GOVERNMENT-WIDE STATEMENTS

The government-wide financial statements provide readers with a broad, long-term view of the City's finances, and further distinguish between functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The government-wide statements are a consolidation of all of the City's funds with the exclusion of financial information related to the fiduciary funds. The government-wide financial statements can be found on pages 16 - 18 of this report.

The governmental activities of the City include public safety (police, fire, and code enforcement), public works, highways and streets, culture and recreation, economic development, and general administrative

services. The business-type activities of the City include sewer collection and treatment services, solid waste (trash) collection services, electric services (including production, transmission, and delivery of electric power), and parking operations.

The City also includes information for two separate legal entities in its report, the City's Public Library and its Special Service Area #1. Although legally separate, these "component units" are important because the City is financially accountable for them. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

Financial Highlights, Statement of Net Assets

The focus of the <u>Statement of Net Assets</u> is to report the City's governmental and business-type activities in a "bottom-line" manner similar to private-sector business. This statement combines and consolidates governmental funds' current financial resources (short-term spendable resources) with capital assets and long term obligations using the accrual basis of accounting and economic resources measurement focus.

For the City of Kankakee, assets exceeded liabilities for the total primary government by \$42.8 million at April 30, 2008. The following table presents a condensed, comparative Statement of Net Assets:

Table 1: Statement of Net Assets as of April 30, 2008 and 2007 (in millions)

		Govern Activ			Business-type <u>Activities</u>					Total Primary Government			
	2008		2007		2008		2007		2008		2007		
Assets													
Current and Other Assets	\$	40.2	\$	37.0	\$	5.6	\$	6.0	\$	45.8	\$	43.0	
Capital Assets		75.7		67.8		28.0		28.4		103.7		96.2	
Total Assets	\$	115.9	\$	104.8	\$	33.6	\$	34.4	\$	149.5	\$	139.2	
Liabilities													
Long-term Debt Outstanding	\$	74.2	\$	66.7	\$	6.4	\$	6.8	\$	80.6	\$	73.5	
Other Liabilities		25.7		23.2		0.4		0.3		26.1		23.5	
Total Liabilities	\$	99.9	\$	89.9	\$	6.8	\$	7.1	\$	106.7	\$	<u>97.0</u>	
Net Assets													
Invested in Capital Assets, Net of Debt	\$	40.7	\$	36.9	\$	22.0	\$	22.0	\$	62.7	\$	58.9	
Restricted		8.8		9.8		1.1		1.7		9.9		1 1.5	
Unrestricted		(33.6)		(31.8)		3.7		3.6		(29.9)	_	(28.2)	
Total Net Assets	\$	15.9	\$	14.9	\$	26.8	\$	27.3	\$	42.8	\$	42.2	

(Note: There may be some slight differences in totals due to rounding)

For more detailed information, see the Statement of Net Assets (page 16).

Governmental Activities - Statement of Net Assets highlights

Governmental activities total net assets increased \$1.1 million (7.0% to FY'08 balance of \$15.9 million), total assets increasing \$11.0 million and total liabilities increasing \$10.0 million as a result of operations transactions and the following major shifts in assets and liabilities:

- cash decreased by \$4.5 million (24.4% to FY'08 balance of \$13.9 million) as the City expended bond proceeds for capital projects
- the receivables (due from) from other governments increased \$2.4 million (48.0% to FY '08 balance of \$7.3 million), as receivables related to sales tax receipts and incentives returned to more normal amounts after the City adjusted for a substantial sales tax adjustment for an amended return in the prior fiscal year
- special assessments (for the Indian Meadows subdivision), a new category in the net assets section, reports the City's participation in financing infrastructure improvements in the amount of \$3.1 million
- deferred revenue of \$3.1 million was created in relation to the Indian Meadows subdivision financing, as the special assessments will be applied against property in the subdivision over the next ten years
- non-depreciable assets increased \$4.4 million (72.1% to FY '08 balance of \$10.6 million) as construction continued on the Old Library Building which will serve as the City Administration Building (\$3.7 million at fiscal year end) and construction of the Indian Meadows subdivision infrastructure (\$2.3 million at fiscal year end) continued
- depreciable assets increased \$3.4 million (5.5%) as the Marcotte Road (\$1.1 million), Court Street lighting (\$0.9 million), Varney Road (\$1.3 million), and the Merchant Street Parking Lot (\$1.2 million) infrastructure projects were completed and depreciation of \$1.4 million was recognized
- accounts payable increased \$2.9 million, most of the increase related to the liability for sales tax incentives that were affected by the prior fiscal year adjustment affecting the receivables
- unearned revenue decreased \$3.7 million (23.8% to FY '08 balance of \$11.8 million) as grant revenue was recognized upon the completion of the grant related projects
- long-term liabilities increased \$7.5 million as the City issued \$6.8 million in bonds to finance public infrastructure improvements (\$2.6 million to finance general City infrastructure improvements, and \$4.2 million to finance TIF#8 (Exit 308) infrastructure improvements), the City expended \$3.2 million to retire existing debt, and the City issued \$3.4 million in installment notes for the Indian Meadows subdivision infrastructure improvement.

Business-Type Activities – Statement of Net Assets highlights

The business-type activities columns present financial information for the Kankakee Municipal Utility and the Motor Vehicle Parking Lot. Motor Vehicle Parking Lot total net assets represent about 5.6% of the total assets of business-type activities, and revenues about 1/10% of the total business-type revenue, so although the Motor Vehicle Parking Lot is included in the total of the above chart to facilitate comparison to the Statement of Net Assets, it is an insignificant factor in the analysis of these activities.

Total net assets for the business-type activities decreased \$0.6 million (2.1% to FY'08 balance of \$26.8 million), total assets decreasing \$0.8 million and total liabilities decreasing \$0.2 million as a result of operations transactions and the following major shifts in assets and liabilities:

- cash increased by \$0.8 million (167.7% to FY'08 balance of \$1.2 million), while restricted cash has a corresponding decrease of \$0.6 million (35.7% to FY'08 balance of \$1.1 million)
- internal balances decreased \$0.4 million (382.2% to FY '08 balance of -\$0.3 million) as the City governmental activities financed deficits related to solid waste collection operations
- non-depreciable assets increased \$0.5 million (30.2% to FY`08 balance of \$2.4 million) as work continued on the rebuilding of the electric hydro plant generators and on construction of the Indian Meadows force main and pump station
- depreciable assets decreased \$0.9 million (3.5% to FY'08 balance of \$25.7 million), reflecting normal annual depreciation

- investment in the Utility's joint venture decreased \$0.5 million (39.8% to FY'08 balance of \$0.7 million), reflecting the Utility's share of the \$0.8 million loss realized by the Kankakee River Metropolitan Agency (the sewer treatment facility)
- long-term liabilities due in more than one year decreased \$0.4 million (6.3% to FY'08 balance of \$5.8 million) as the Utility continued to amortize existing debt
- restriction of net assets for debt service decreased \$0.6 million (35.7% to FY'08 balance of \$1.1 million) as the Utility continued to amortize existing debt

Component Units - Statement of Net Assets highlights

The City includes two separate legal entities in its report, the Kankakee Public Library and the Special Service Area No. 1 (SSA#). Although legally separate, these "component units" are important because the City is financially accountable for them. One component unit, the Kankakee Public Library, comprises over 87% of the total assets for the component units. The increase in the component units' net assets was \$0.5 million (12.2% to FY`08 balance of \$4.5 million) from operations transactions and as a result of City contributions toward downtown infrastructure improvements for the SSA# 1.

Financial Highlights, Statement of Activities

The <u>Statement of Activities</u> presents information that indicates how the City's net assets changed as a result of operations during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Sales taxes contribute significantly to the City's General Fund revenues in recent years due to a sales tax sharing incentive program that the City implemented in fiscal 2000. With this program, the City returns a substantial portion of the sales tax generated from the program to the program participants as an economic development incentive. Several of the financial statements in this report present the gross sales tax amount as revenues, and the related incentives as expenditures. However, for purposes of the analysis in this Management Discussion and Analysis, sales tax revenue will be discussed net of the sales tax incentive. The following table illustrates the growth in gross and net sales tax revenue over the past seven fiscal years –

Table 2: Sales taxes and incentives

	Gross Accrued	less			
Fiscal	Amount	Incentives	Net		Percent
<u>Year</u>	Received	<u>Paid</u>	Sales Tax	\$ Change	Change
2002	4,578,964	1,588,129	2,990,835	747,278	33.3%
2003	8,881,076	5,237,343	3,643,733	652,898	21.8%
2004	14,998,857	10,701,236	4,297,621	653,888	17.9%
2005	22,351,192	17,066,791	5,284,401	986,780	23.0%
2006	25,107,826	18,938,693	6,169,133	884,732	16.7%
2007	23,695,013	17,678,395	6,016,618	(152,515)	-2.5%
2008	26,611,558	20,109,951	6,501,607	484,989	8.1%
2000	20,011,000	20,100,001	0,00.,00.		

The following charts graphically illustrate the composition of the City's revenues and expenses from governmental activities –

Chart 1: Composition of revenues from governmental activities

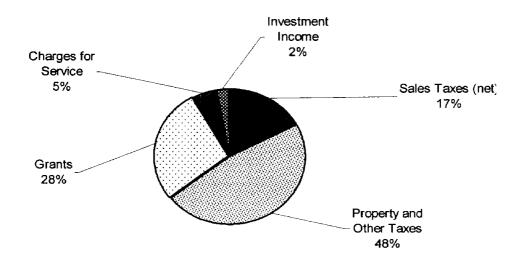
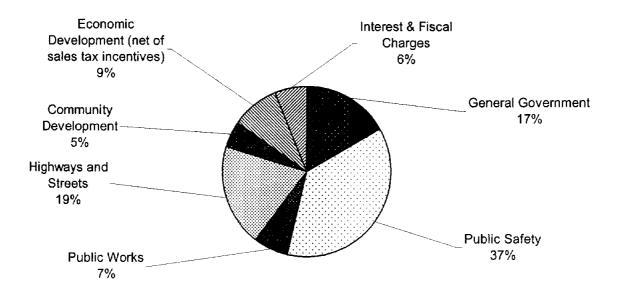


Chart 2: Composition of expenses from governmental activities



The following Statement of Activities table compares the revenues and expenses for the current and most recent fiscal years for the City's governmental and business activities, and the resulting changes in net assets:

Table 3: Statement of Activities for the Fiscal Years Ended April 30, 2008 and 2007 (in millions)

	G	overnmen <u>Activities</u>		В	usiness-ty <u>Activities</u>	-		otal Prima	_
	2008	2007	Change	2008	2007	Change	2008	2007	Change
Program Revenues									
Charges for Service	\$ 2.1	\$ 2.6	\$ (0.5)	\$ 8.8	\$ 8.4	\$ 0.4	\$ 10.9	\$ 11.0	\$ (0.1)
Capital grants/									
contributions	6.9	2.9	4.0	-			6.9	2.9	4.0
Operating grants/									
contributions	3.5	2.8	0.7		0.1	(0.1)	3.5	2.9	0.6
General Revenues									
Property taxes	10.7	9.7	1.0				10.7	9.7	1.0
Sales taxes (net)	6.5	6.0	0.5				6.5	6.0	0.5
Utility taxes	3.5	3.3	0.2				3.5	3.3	0.2
Other taxes	3.8	3.4	0.4				3.8	3.4	0.4
Intergovernmental	0.1	0.1	-				0.1	0.1	-
Investment income	0.9	0.9	-	0.1	0.1	-	1.0	1.0	-
Other	0.1	0.1	-	0.1	-	0.1	0.2	0.1	0.1
Contributions from									
developers									
Total Revenues	<u>38.1</u>	31.8	6.3	9.0	<u>8.6</u>	0.4	47.1	40.4	6.7
Program Expenses									
General government	6.2	6.7	(0.5)				6.2	6.7	(0.5)
Public safety	13.6	13.1	0.5				13.6	13.1	0.5
Public works	2.5	2.1	0.4				2.5	2.1	0.4
Highways and			0				20		0.,
streets	7.2	1.7	5.5				7.2	1.7	5.5
Community	• • • •	•••	0.0						0.0
development	1.8	1.5	0.3				1.8	1.5	0.3
Culture and			0.0					,,,	0.0
recreation	0.1	0.1	-				0.1	0.1	_
Economic		٠					*	•	
development (net)	3.4	0.5	2.9				3.4	0.5	2.9
Interest and		*.*							
fiscal charges	2.3	2.1	0.2				2.3	2.1	0.2
Proprietary fund		,	V						
expenses	_	_	_	9.6	8.9	0.7	9.6	8.9	0.7
Total Expenses	<u> 37.1</u>	27.8	9.3	9.6	8.9	0.7	46.7	36.7	10.0
Changes in Net									
Assets before									
Transfers	1.0	4.0	(3.0)	(0.6)	(0.3)	(0.3)	0.4	3.7	(3.3)
				. ,					
Transfers		0.7	(0.7)		(0.7)	0.7			-
Total Changes in Net Assets	1.0	4.7	(3.7)	(0.6)	(1.0)	0.4	0.4	3.7	(3.3)

(Note: There may be some slight differences in totals due to rounding)

For more detailed information, see the Statement of Activities (page 17 - 18)

Governmental Activities - Statement of Activities highlights

Total revenues from governmental activities for the fiscal year ended April 30, 2008 totaled \$38.1 million, an increase of \$6.3 million (20.0%) from the prior fiscal year. The major revenue increase was the \$6.9 million in capital grants and contributions, a \$4.0 million increase (141.0%) over the prior fiscal year. Capital grants consisted of \$2.5 million toward the City's renovation of the Old Library Building that will become the City Administration Building and the Court Street Streetlight project, \$1.9 million for the Station Street and 5th Avenue bridges, and developer contributions of \$2.5 million related to the Indian Meadows project.

Operating grants and contributions totaled \$3.5 million, an increase of \$0.7 million (24.0%) over the prior fiscal year. The City's Community Development Agency received \$1.9 million of grant funds (CDBG (\$0.7 million), Home (\$0.5 million), Lead (\$0.6 million), and Home Mod (\$0.1 million)), the Motor Fuel Tax Fund received \$0.8 million from the State in motor fuel tax, and the City received grant funds for its Senior Aides program and for public safety programs (\$0.8 million).

Sales tax revenue of \$6.5 million (the City's one percent share of the State collected tax net of sales tax incentives of \$20.1 million) represents 17.1% of the total governmental activities revenue, increased \$0.5 million (8.1% to \$6.5 mil.) this year, continuing an increase that began when the City implemented its sales tax sharing program. Sales tax revenue experienced a decrease last fiscal year as a result of a substantial sales tax amendment that was made by one of the City's sales tax sharing participants, but this revenue source appears to be back on a path of increased annual growth.

Property taxes of \$10.7 million, comprising 28.2% of governmental activities revenue, increased \$1.0 million, primarily from increased levies for the Police and Fire Pensions and debt service, and increases in assessed values from new development in the TIF#8 (Exit 308) TIF district. Property tax rates are affected by the assessed value of property in the City. Assessed values are again growing at a steady rate (see chart below).

Table 4: Equalized Assessed Valuations

Levy Year	<u>Total</u>	Increase	% Increase
2001	\$ 219,866,912		
2002	225,445,538	\$ 5,578,626	2.5%
2003	228,353,812	2,908,274	1.3%
2004	229,476,246	1,122,434	0.5%
2005	247,167,843	17,691,597	7.7%
2006	266,311,138	19,143,295	7.7%
2007	284,408,370	18,097,232	6.8%

The Charges for Services category revenues of \$2.1 million showed a decrease of \$0.5 million (19.2%). All of the decrease was related to the City's suspension of the Community Oriented Police fee at the beginning of this fiscal year.

Expenditures from governmental activities totaled \$37.1 million this fiscal year, an increase of \$9.2 million (33.2%) over the prior fiscal year. The Economic Development expenditure category, net of sales tax incentives of \$20.1 million, totaled \$3.4 million, an increase of \$2.9 million (630.0%) from the \$0.5 million expended last fiscal year. These expenditures were from activity in the City's eight TIF funds, primarily from the \$3.4 million expended in the TIF#8 (Exit 308) project for improvements to

Marcotte Road from Seedorf Road to Riverstone Parkway, and from expenditure reimbursements for the developer directed extension and improvements to Riverstone Parkway.

The Highways and Streets category expenditures of \$7.2 million show an increase of \$5.5 million (321.5%) over the prior fiscal year expenditures of \$1.7 million. These projects consisted of various street and bridge projects financed through the MFT Fund (\$1.4 million), the Indian Meadows project (\$2.8 million), the Court Street Streetlight projects (\$1.7 million), and various curbs, gutters, and street improvements financed through the Capital Projects fund (\$1.6 million). Other expenditure categories reflect normal wage and other inflationary increases.

Overall, revenues and transfers from governmental activities exceeded expenditures by \$1.0 million, a decrease of \$3.6 million (77.4%) from the prior fiscal year's increase of \$4.6 million. As mentioned in the Net Asset section above, net assets at fiscal year end totaled \$15.9 million.

Business-Type Activities – Statement of Activities highlights

Business-type activities include the sewer utility and the parking fund. Because parking fund revenues comprise only 1/10% of total revenues, the parking fund will not be separately addressed in this analysis. Total revenues from business-type activities were \$9.1 million, a \$0.5 million (5.9%) increase over the prior year revenues. Revenues from industrial customers (which comprise about ½ of the charges for services revenue; the other ½ is residential) increased \$0.4 million (5.0% increase in charges for services) over the prior year's revenues, contributing to the total \$8.8 million in charges for services. Equity interest in joint venture loss was \$0.5 million, an increased loss of \$0.3 million (162%) over the prior year. The joint venture is the Kankakee Municipal Regional Agency, which operates the sewer treatment plant.

Utility expenses were \$9.6 million, an increase of \$0.6 million (7.4%) over the prior fiscal year. Increases in the costs for contractual services, employer taxes, and personnel comprised most of the increase. There were only small changes to interest costs and depreciation expense.

Net transfers (including the \$1.2 million in City issued bond proceeds, and the arrearage payment of \$1.2 million to the City recognized as a transfer out) decreased \$0.7 million (102%) this year, with only a minor net transfer in for the year. In total, net assets decreased \$0.5 million for the year. Net operating income was \$0.3 million, an increase of 13.2% over the prior fiscal year. There was not a significant change in sewer usage, but there was a 10% increase in the sewer usage rates during fiscal 2008, and the Utility Board did take action to increase the usage rates again at the beginning of fiscal 2009 for both sewer usage and solid waste disposal.

Component Unit Activities - Statement of Activities highlights

The City partnered with the Special Service Area #1 (SSA#1) to improve the downtown area, reimbursing SSA#1 for a portion (\$0.5 million) of its capital improvements. This lead to the component unit revenues increased of \$0.5 (29.0% to FY '08 total of \$2.1 million). The charges for services and operating grants/contributions revenues each increased 10% from the prior fiscal year.

At the same time, component unit expenses increased \$0.1 million (9.2% to FY '08 total of \$1.6 million) as the Library realized normal payroll cost increases and increased operating costs from expansion of its operation hours. Overall, the component units posted a combined net asset balance of \$4.5 million, an increase of 12% over the prior fiscal year end balance. All of the increase was in the SSA#1, and is attributable directly to the City supported projects discussed above.

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds are used to account for the same functions that are reported as governmental activities in the government-wide financial statements, only from a different perspective. A governmental fund financial statement's focus is on near-term inflows and outflows (sources and uses) of financial resources, on balances of the City's financial resources available at the end of the fiscal year, and on the City's budgeting compliance associated with the financial sources and uses. Such information is considered to be useful in evaluating the City's near-term financing requirements. Traditional users of governmental financial statements should find the fund financial statements presentation to be more familiar than the government-wide statements.

Because the focus of governmental funds is near-term, it can be useful to compare the fund statements to the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheets and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation (pages 20 and 22) to facilitate this comparison between amounts reported in governmental funds and governmental activities.

The City maintained 33 individual governmental funds during fiscal 2008. Information for the City's major funds (General Fund and Capital Projects Fund) is presented separately in the Governmental Fund Balance Sheet (page 19) and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances (page 21). Financial information for the other 31 non-major governmental funds is combined into a single, aggregated presentation in the form of combining statements in the Combining and Individual Fund Financial Statements and Supplemental Schedules section (beginning on page 86) of this report.

Financial Analysis of the City's Governmental Funds

For the fiscal year ended April 30, 2008, the Governmental Funds reflect a combined fund balance of \$13.7 million. This was an increase of 1.5% (\$0.2 million) from the prior year's combined fund balance. The General Fund decreased \$0.1 million (4.3%), Capital Projects Fund decreased \$2.0 million (27.0%), and non-major funds (Special Revenue and Debt Service Funds) increased \$2.3 million (80.9%) during the year. Of the total fund balance for all governmental funds, \$4.0 million (29%) is unreserved, indicating availability for continuing City services. Reserved fund balances include amounts for prepaid items, inventories, debt service, unexpended street maintenance programs, economic development, and capital projects.

Analysis of Balances and Transactions of Individual Funds

The City issued \$6.8 million of new money bonds (\$4.2 million in the TIF#8 (Exit 308) Fund and \$2.6 million in the Capital Projects Fund, of which \$1.2 million was transferred to the Utility) and \$3.2 million in bank notes (Indian Meadows project) during the fiscal year as the City continues to finance targeted infrastructure improvements. The Capital Projects Fund expended \$9.3 million toward those

targeted projects (major expenditures included \$1.2 million in various street improvements, \$1.2 million for the Merchant Street parking lot, \$2.3 million in Indian Meadows infrastructure, \$0.9 million toward the ornamental lighting project along East Court Street, and \$3.7 million toward the Old Library Restoration). The various TIF funds expended \$4.1 million toward their projects (the TIF#8 (Exit 308) expended \$3.4 million of that total to construct roadways and infrastructure in that district).

The General Fund's fund balance decreased \$0.1 million (4.3% to FY'08 total of \$3.1 million) as the City incurred extra costs related to the renovation of the Old Library and the Old City Hall, and as it contracted with a consultant to assist with the City's efforts to obtain additional state and federal grant assistance. It is the City's continued intention to increase the General Fund's reserves to a level of 2 to 3 months of spendable reserves, and it continues to budget for a minimum annual \$0.25 million increase in General Fund balance.

General Fund Budgetary Highlights

The City adopts an annual appropriated budget for the General, Band, Park, IMRF, Special Service Area No. 2, Special Service Area No. 3, and Special Service Area No. 5 funds. The procedures used to control expenditures of the other governmental funds are explained further in Note 1, Budgetary Accounting on page 77. As noted above, fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements.

The following table presents budgetary highlights for the City's General Fund:

Table 5: General Fund Budgetary Highlights

Revenues Expenditures Excess of Revenues over Expenditures	Orignal Budget 15,042,391 14,550,590 491,801	\$ <u>-</u>	Final <u>Budget</u> 45,042,391 44,550,590 491,801	\$ <u>\$</u>	Actual 40,630,389 42,161,380 (1,530,991)	ver/(Under) inal Budget (4,412,002) (2,389,210) (2,022,792)
Other Financing Sources (Uses)						
Transfers from other funds	\$ 284,975	\$	284,975	\$	1,967,563	\$ 1,682,588
Transfers to other funds	 (479,301)		(479,301)		(567,487)	 (88,186)
Net Changes in Fund Balance	\$ 297,475	\$	297,475	\$	(130,915)	\$ (428,390)

The General Fund revenue and expenditure budgets were not amended during the fiscal year. However, the City did take official action to approve various transactions that were not budgeted. Actual General Fund revenues were \$4.4 million and expenditures were \$2.4 million less respectively than final budget. Transfers from other funds were \$1.6 million and transfers to other funds were \$0.1 million greater than budgeted. Overall, the City completed the year with actual net changes in fund balance being \$0.4 million less than budgeted. A summary comparison of the General Fund budget to actual results can be found on page 76, and a more detailed comparison can be found on pages 83 - 85. Interfund transfers are detailed in Footnote 12 on pages 68 - 69.

Sales tax revenues and the related economic development incentives were the primary contributors to variances in each of the revenue and expenditure budgets. Actual Sales tax revenues were \$3.8 million less than budgeted, and the related economic development incentives were also \$3.8 million less than

budgeted. Fines and penalties revenue were \$0.4 million less than anticipated, as it has taken longer than anticipated to realize financial results from the newly created traffic enforcement efforts. Grant revenues were \$0.3 million greater than anticipated, as the City did not adjust the revenue budget for a firefighter grant from Homeland Security. Expenditure line items related to the unbudgeted grant revenues were not adjusted, either. Other individual budget variances were less than \$0.2 million each, and were not further analyzed in this MD&A.

CAPITAL ASSETS

The following table summarizes the capital assets (in millions, net of depreciation) of the City of Kankakee for the current and prior fiscal years -

Table 6: Capital Asset Highlights (net of depreciation) for the fiscal years ended April 30, 2008 and 2007 (in millions)

	G	Soverr Activ		E	Busine Activ		То			
		2008	2007		2008		2007	2008		2007
Land	\$	5.5	\$ 5.2	\$	1.7	\$	1.7	\$ 7.2	\$	6.9
Construction in progress		5.0	0.9		0.7		0.1	5.7		1.0
Buildings		2.3	2.0		7.3		7.5	9.6		9.5
Equipment		0.4	0.1		0.6		0.7	1.0		0.8
Vehicles		2.0	1.8		0.1		0.1	2.1		1.9
Land improvements		1.4	1.3		-		-	1.4		1.3
Leasehold improvements		-	-		0.2		0.3	0.2		0.3
Infrastructure		59.0	 56.5		17.5		18.1	 76.5		74.6
Total Capital Assets, net	\$	75.6	\$ 67.8	\$	28.1	\$	28.5	\$ 103.7	\$	96.3

Additional information on the City's capital assets can be found in Note 5 on pages 52 - 54.

The City's investment in capital assets includes land, construction in progress, buildings and improvements, land improvements, equipment, vehicles, leasehold improvements, and infrastructure (roads, sidewalks, curbs, gutters, and bridges). The City's total investment in capital assets for its governmental and business type activities for fiscal 2008 increased by \$7.4 million to \$103.7 million (net of accumulated depreciation), an increase of \$7.8 million (11.5%) and a decrease of \$0.4 million (1.4%) respectively for the governmental and business type activities.

Most of the increase occurred in construction in progress, an increase of \$4.1 million (455.6%) in governmental activities, and an increase of \$0.6 million (600.0%) in business-type activities. Specific major capital asset events during the 2008 fiscal year included the following:

- \$2.7 million for the Old Library Building renovations and installation of decorative streetlights along East Court Street listed as construction in progress
- \$2.9 million construction of infrastructure from governmental activities and another \$0.5 million in business-type activities in the new Indian Meadows subdivision listed as construction in progress
- \$2.6 million for the Station Street Bridge improvements that moved from construction in progress to infrastructure
- \$1.1 million construction on the Marcotte Road improvements listed as infrastructure

LONG-TERM DEBT

At year end, the City had \$62.6 million in bonds outstanding versus \$59.5 million the prior year, - an increase of \$3.1 million, as shown in the following table -

Table 7: Bonded Debt Highlights for the fiscal years ended April 30, 2008 and 2007 (in millions, excluding adjustments for premiums and deferred losses)

	 Govern Acti	 	I	Busine Activ		Total				
	 2008	 2007		2008	 2007		2008		2007	
General obligation bonds Revenue Bonds	\$ 55.1	\$ 51.5	\$	7.5	\$ 8.1	\$	55.1 7.5	\$	51.5 8.1	
Installment notes Unfunded employer pension	3.7	0.4					3.7		0.4	
contributions	10.9	10.6					10.9		10.6	
Compensated absences	 4.2	 4.0		0.4	 0.4		4.6		4.4	
Total Debt	\$ 73.9	\$ 66.5	\$	7.9	\$ 8.5	\$	81.8	\$	75.0	

The City issued \$6.8 million in bonds during fiscal 2008, and retired \$3.2 million through annual amortization. The City used \$4.2 million of the bond issue toward its TIF#8 (Exit 308) development efforts, transferred \$1.2 million to the Utility, and will use the balance to finance additional curb, gutter, sidewalk, and street improvement projects. The Utility did not issue debt this fiscal year, but did retire \$0.5 million through annual amortization.

The City did issue \$3.3 million in installment notes, most of it related to the Indian Meadows project, an increase of 919% over the prior year's issuance of installment notes. The balance of changes of governmental activities long-term debt is in the compensated absences (the vested portion of unused vacation, sick leave, and other employee time which is expected to be used as time off or to be paid out upon the employees' termination or retirement) increased \$0.2 million (6.2%) to \$4.2 million. Overall, the City's long-term debt increased \$7.4 million for governmental activities, and decreased \$0.6 million for business-type activities.

The City, under its home rule authority, does not have a legal debt limit. The City had not had an underlying public rating in the past several years, but achieved a Standard and Poors rating of A beginning is 2006. The City received an insured rating from Standard and Poors of Aaa on the bonds issued this year. The City issued \$6.9 million in additional bonds in June 2008 to finance long-term infrastructure improvements, and plans to issue additional bonds in the near future.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City anticipates General Fund revenue growth in sales, state per capital, and utility taxes for the coming year, as well as in additional grant funding related to the Homeland Security grant for increased firefighting personnel. The increased firefighting personnel will provide an opportunity for the City to place an additional ambulance into service, and additional revenues are expected as the City captures some of the activity that it had to pass off to other ambulance services in the past. The City also anticipates a modest increase in permits and fees, and a moderate decrease in fines and fees.

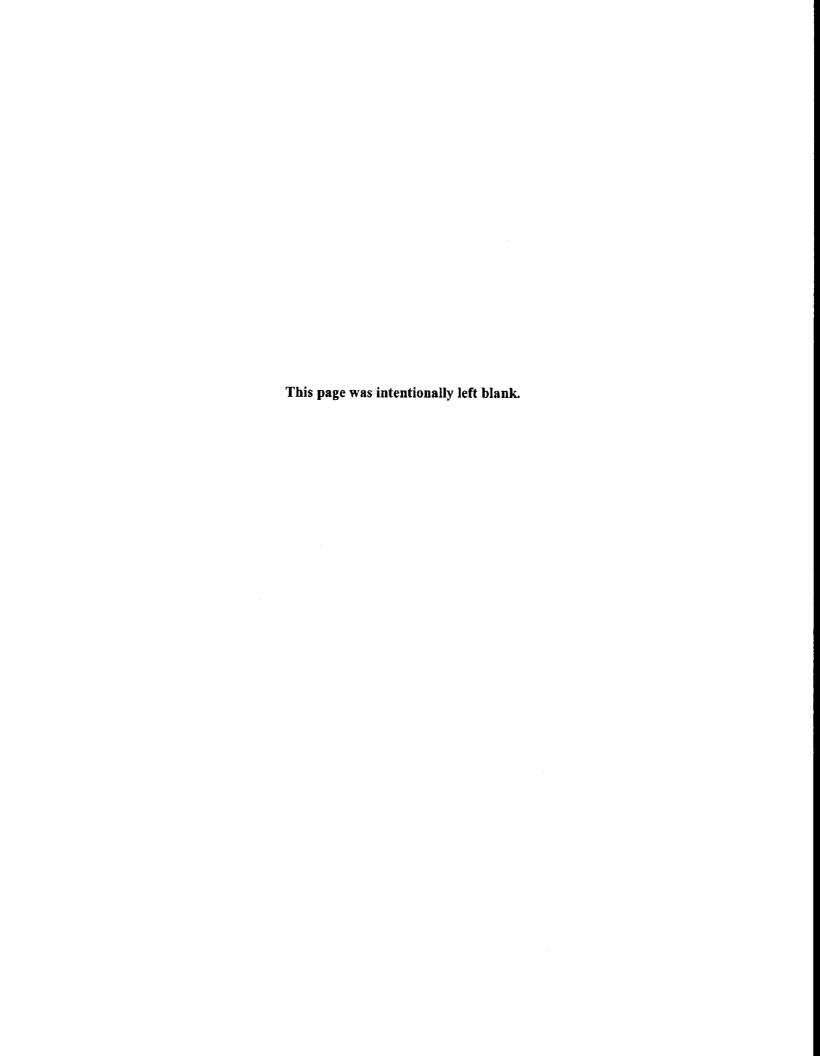
The City anticipates contractual wage increases, increases in employer contributions for pensions, and increases in other operating costs for the coming year. Overall, the City's General Fund anticipates contributing an additional \$250,000 toward its fund balance, and a \$105,000 decrease in its IMRF Fund (employer taxes and pensions) next fiscal year.

The City of Kankakee has not approved any changes in tax rates for the coming fiscal year. The Utility will increase sewer rates by 5.0% to a rate of \$2.89/100 cubic feet of water used, and does plan to increase solid waste charges by 52% to a monthly rate of \$23.50 per residence. The solid waste charge increase comes in response to the recent closing of the local waste disposal facility and to the resulting increased costs for hauling solid waste to a site that will accept the waste at that facility's charge to accept the waste. The City issued bonds since the beginning of the fiscal year as noted above.

The unemployment rate (not seasonally adjusted) for the County for October 2008 was 9.4% compared to the 6.0% rate for the County for October 2007, as the local economy reflects the economic woes of the national economy. The City continues to monitor its revenue sources to determine when it might need to implement appropriate strategies to respond to changes created by a downturn in the economy.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our Mayor, legislators, managers, citizens, customers, investors, and creditors with a general overview of the City's accountability for the money it receives. Questions concerning this report or requests for additional financial information should be directed to James A. Spice, Comptroller, City of Kankakee, 304 South Indiana Avenue, Kankakee, Illinois 60901.



BASIC FINANCIAL STATEMENTS

CITY OF KANKAKEE, ILLINOIS STATEMENT OF NET ASSETS April 30, 2008

	I	rimary Governmen	t		
	Governmental	Business-Type		Component	
	Activities	Activities	Total	Units	
Assets					
Cash and investments	\$ 13,919,764	\$ 1,181,013	\$ 15,100,777	\$ 677,972	
Restricted cash and investments	4 10, 515,101	62,885	62,885	,	
Receivables, less allowance for uncollectible		02,000	,		
amounts:					
Property taxes	11,511,580		11,511,580	1,594,490	
Utility taxes	578,450		578,450	, ,	
Due from other governmental agencies	7,296,131	445,492	7,741,623		
Due from fiduciary funds	190	113,132	190		
Internal balances	320,349	(320,349)	-0-		
Due from component units	74,266	(320,34))	74,266		
Accounts receivable	1,779,349	2,163,191	3,942,540	3,525	
Special assessments	3,113,000	2,103,171	3,113,000	3,3 2 3	
Materials inventory	48,315		48,315		
•	766,693	51,301	817,994		
Prepaid items	700,093	· ·			
Other restricted cash and investments		1,117,285	1,117,285		
Capital assets:	10 507 574	2.256.225	10.042.700		
Non-depreciable	10,587,574	2,356,225	12,943,799	6.350.004	
Depreciable (net of accumulated depreciation)	65,079,908	25,668,761	90,748,669	6,259,004	
Unamortized bond issuance cost	749,005	252,302	1,001,307		
Investment in joint venture		680,570	680,570		
Total assets	115,824,574	33,658,676	149,483,250	8,534,991	
Liabilities					
Accounts payable	9,428,673	324,890	9,753,563	28,952	
Accrued wages payable	553,344	72,327	625,671		
Interest payable	830,160		830,160		
Due to primary government	•		•	74,266	
Unearned revenue	11,763,394		11,763,394	1,594,490	
Deferred special assessments	3,113,000		3,113,000	, ,	
Long-term liabilities:	- , ,		, ,		
Due within one year	4,667,938	622,000	5,289,938	66,501	
Due within more than one year	69,519,615	5,814,723	75,334,338	2,233,685	
Total liabilities	99,876,124	6,833,940	106,710,064	3,997,894	
Net Assets	10 726 527	01.076.060	(2.702.500	2.050.010	
Invested in capital assets, net of related debt	40,726,527	21,976,063	62,702,590	3,958,818	
Restricted for:					
Capital projects	5,384,813		5,384,813		
Debt services	935,547	1,117,285	2,052,832		
Economic development	2,422,505		2,422,505		
Street maintenance programs	116,827		116,827		
Unrestricted	(33,637,769)	3,731,388	(29,906,381)	578,279	
			\$ 42,773,186		

CITY OF KANKAKEE, ILLINOIS STATEMENT OF ACTIVITIES

			Program Revenue	S
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental Activities General government Public safety Public works	\$ 6,195,531 13,629,795 2,506,822	\$ 1,217,919 543,149 194,783	\$ 146,432 650,088	\$ 2,495,835
Highways and streets Community development Culture and recreation Economic development	7,201,117 1,772,396 62,147 23,484,194	130,600	767,487 1,946,263	4,452,296
Interest and fiscal charges	2,259,401			
Total governmental activities	57,111,403	2,086,451	3,510,270	6,948,131
Business-Type Activities Sewer utility Vehicle parking	9,603,660 1,120	8,824,449 12,494	6,832	
Total business-type activities	9,604,780	8,836,943	6,832	-0-
Total primary government	\$66,716,183	\$10,923,394	\$ 3,517,102	\$ 6,948,131
Component units: Library Special Service Area No. 1	\$ 1,504,264 97,129	\$ 136,103	\$ 82,342	
Total component units	\$ 1,601,393	\$ 136,103	\$ 82,342	\$ -0-
	·	State income ta Local use tax State replaceme Illinois sales ta: Utility taxes Intergovernment Investment inco	levied for general pur ix ent income tax ix ntal, not restricted to s	specific programs
		Total		
		Transfers		
		Changes in net	assets	
		Net assets, May	y 1, 2007	
		Prior period ad	justment	
		Net assets, May	y 1, 2007, restated	
		Net assets, Apr	il 30, 2008	

Net (Expense) Revenue and Change in Net Assets

	Primary Government		
overnmental Activities	Business-Type Activities	Total	Component Units
\$ (2,335,345) (12,436,558) (2,312,039) (1,981,334) 304,467 (62,147) (23,484,194) (2,259,401)		\$ (2,335,345) (12,436,558) (2,312,039) (1,981,334) 304,467 (62,147) (23,484,194) (2,259,401)	
(44,566,551)	\$ (772,379)	(44,566,551)	
	11,374	(772,379) 11,374	
-0-	(761,005)	(761,005)	
(44,566,551)	(761,005)	(45,327,556)	
			\$ (1,285,819 (97,129
			(1,382,948
10,730,743 2,531,188 385,926 844,254 26,611,558 3,480,888 50,000		10,730,743 2,531,188 385,926 844,254 26,611,558 3,480,888 50,000	1,344,252
948,823	143,963	1,092,786	25,420
56,584	132,152	188,736	31,725 473,307
45,639,964	276,115	45,916,079	1,874,704
(14,372)	14,372	0	
1,059,041	(470,518)	588,523	491,756
14,898,406	27,400,797	42,299,203	4,045,341
(8,997)	(105,543)	(114,540)	
14,889,409	27,295,254	42,184,663	4,045,341
- ,			

CITY OF KANKAKEE, ILLINOIS BALANCE SHEET GOVERNMENTAL FUNDS April 30, 2008

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets				0.12.010.764
Cash and investments	\$ 1,589,688	\$ 5,527,096	\$ 6,802,980	\$ 13,919,764
Receivables, less allowance for				
uncollectible amounts:			- 455.040	11 511 500
Property taxes	4,055,762		7,455,818	11,511,580
Utility taxes	578,450			578,450
Due from other governmental				
agencies	6,920,150	54,871	321,110	7,296,131
Due from fiduciary funds	190			190
Due from other funds	1,536,632	555,844	475,264	2,567,740
Due from component units	59,782	8,205	6,279	74,266
Accounts receivable	340,915	583,512	854,922	1,779,349
Special assessments	•	3,113,000		3,113,000
Materials inventory	48,315			48,315
Prepaid items	766,693			766,693
Total assets	\$15,896,577	\$ 9,842,528	\$15,916,373	\$41,655,478
Liabilities				
Accounts payable	\$ 7,970,278	\$ 1,344,715	\$ 113,680	\$ 9,428,673
Accrued wages payable	513,759		39,585	553,344
Interest payable			660	660
Due to other funds			2,247,391	2,247,391
Deferred revenue	4,307,576		8,310,631	12,618,207
Deferred special assessments		3,113,000		3,113,000
Total liabilities	12,791,613	4,457,715	10,711,947	27,961,275
Fund Balance				
Reserved for prepaid items	766,693			766,693
Reserved for inventories	48,315			48,315
Reserved for debt service			935,547	935,547
Reserved for unexpended street				
maintenance programs			116,827	116,827
Reserved for economic				
development			2,422,505	2,422,505
Reserved for capital projects		5,384,813		5,384,813
Unreserved, reported in:		, , -		. ,
General Fund	2,289,956			2,289,956
Special Revenue Funds	,		1,729,547	1,729,547
Total fund balance	3,104,964	5,384,813	5,204,426	13,694,203
Total liabilities and				
fund balance	\$15,896,577	\$ 9,842,528	\$15,916,373	\$41,655,478

CITY OF KANKAKEE, ILLINOIS RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO NET ASSETS OF GOVERNMENTAL ACTIVITIES

April 30, 2008

Amounts reported for governmental activities in the statement of net assets are different because of the following:		
Total fund balance - governmental funds		\$ 13,694,203
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds.		75,667,482
Unamortized bond issuance costs represent deferred charges which do not provide current financial resources and, therefore, not reported in the funds.		749,005
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. All liabilities - both current and long-term are reported in the statement of net assets. Bonds payable Installment notes Unfunded employer pension contributions Compensated absences Total long-term liabilities (See Note 10)	\$ (55,452,429) (3,660,534) (10,857,590) (4,217,000)	(74,187,553)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. Interest payable		(829,500)
Loans receivable are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.		854,813
Net assets of governmental activities		\$ 15,948,450

CITY OF KANKAKEE, ILLINOIS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE GOVERNMENTAL FUNDS

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	\$ 3,738,072		\$ 6,992,671	\$10,730,743
State income tax	2,531,188			2,531,188
Local use tax	385,926			385,926
State replacement income tax	844,254			844,254
Illinois sales tax	26,611,558			26,611,558
Utility tax	3,480,888			3,480,888
Licenses, permits and fees	1,070,343			1,070,343
Charges for services	528,359			528,359
Fines	537,749	# 2 405 D24	4 756 360	537,749 7,864,970
Intergovernmental	612,868	\$ 2,495,834	4,756,268	948,823
Interest income	201,602	457,359	289,862	93,800
Miscellaneous	87,582		6,218	
Total revenues	40,630,389	2,953,193	12,045,019	55,628,601
Expenditures:				
Current:				
General government	5,805,809	2,262,373	982,252	9,050,434
Public safety	14,035,753	138,802		14,174,555
Public works	2,182,207	527,096		2,709,303
Highways and streets	-	6,276,687	1,374,539	7,651,226
Community development	6,067		2,244,483	2,250,550
Culture and recreation	20.400.054		62,147	62,147
Economic development	20,109,951		4,092,652	24,202,603
Debt Service:	21.005	10.000	2 220 221	3,260,316
Principal retirement	21,095 498	10,000 53,838	3,229,221 2,277,332	2,331,668
Interest and fiscal charges				
Total expenditures	42,161,380	9,268,796	14,262,626	65,692,802
Excess (deficiency) of revenues	(1.520.001)	(6.215.602)	(2.217.607)	(10,064,201)
over expenditures	(1,530,991)	(6,315,603)	(2,217,607)	(10,004,201)
Other financing sources (uses): Issuance of bonds		2,627,327	4,200,000	6,827,327
Premium on bonds issued		8,137	68,432	76,569
Issuance of long term note		2,876,532	500,000	3,376,532
Transfers from other funds	1,967,563	2,010,332	2,069,250	4,036,813
Transfers to other funds	(567,487)	(1,190,720)	(2,292,978)	(4,051,185)
Total other financing sources (uses)	1,400,076	4,321,276	4,544,704	10,266,056
Net change in fund balance	(130,915)	(1,994,327)	2,327,097	201,855
Fund balance, May 1, 2007	3,244,876	7,379,140	2,877,329	13,501,345
Prior period adjustment	(8,997)	, ,	• •	(8,997)
Fund balance, May 1, 2007, as restated	3,235,879	7,379,140	2,877,329	13,492,348
Fund balance, April 30, 2008	\$ 3,104,964	\$ 5,384,813	\$ 5,204,426	\$13,694,203

CITY OF KANKAKEE, ILLINOIS

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES,

AND CHANGES IN FUND BALANCE

OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES

Amounts reported for governmental	activities on the statement of activities
are different because of the follow	ving:

re different because of the following:	
Net change in fund balance - total governmental funds	\$ 201,855
Governmental funds report capital outlays as expenditures. However, on the statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation expense. Proceeds from disposal of capital assets are reported as other financing sources in the governmental funds, but as a reduction of capital assets and recognition of gains and losses at the government-wide level.	
Expenditure for capital assets	6,688,043
Donated capital assets not reported in government funds	2,556,211
Loss on disposal of capital assets	(8,000)
Depreciation	(1,406,596)
Repayments of principal from current financial resources is an expenditure in the governmental funds, but are a reduction of long-term liabilities on the statement of net assets.	
Principal payments on bonds payable	3,185,000
Principal payments on long-term notes payable	75,317
Some expenses reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Amortized bond issue cost	(53,850)
Amortized bond premium	131,202
Amortized deferred loss	(97,717)
Change in accrued interest on long-term debts	(98,000)
Compensated absences payable	(246,000)
Unfunded pension cost	(233,323)
Bond proceeds and premiums, long-term notes and capital lease proceeds are other financing sources in the governmental funds, but the issuance increases the long-term liabilities on the statement of net assets.	
Proceeds from bonds issued	(6,827,327)
Proceeds from long-term notes	(3,376,532)
Proceeds from premium on bonds issued	(76,569)
Bond issue costs are expenditures in the governmental funds, but the issuance cost increases	127.792
the assets on the statement of net assets.	136,782
Advances paid on long-term loans receivable are reported as expenditures in the governmental funds, but increase the assets in the statement of net assets. Collection on these loans are reported as revenues in the governmental funds, but reduce the assets in the statement of net assets.	
Advances of new loans	512,000
Collections on loans receivable	(3,457)
Change in net assets of governmental activities	\$ 1,059,041

CITY OF KANKAKEE, ILLINOIS STATEMENT OF FUND NET ASSETS PROPRIETARY FUNDS

April 30, 2008

		pe Activities se Funds		
	Major Kankakee Municipal Utility	Nonmajor Motor Vehicle Parking	Total	
Assets				
Current assets:	A 1 112 200	e 67.722	\$ 1,181,013	
Cash and investments	\$ 1,113,280 62,885	\$ 67,733	62,885	
Restricted cash and investments Receivables, less allowance for uncollectible amounts:	02,883		02,003	
Due from other funds	120,243		120,243	
Accounts receivable	2,163,191		2,163,191	
Due from other governmental agencies	445,492		445,492	
Prepaid items	51,301		51,301	
Total current assets	3,956,392	67,733	4,024,125	
Non-current assets:				
Other restricted cash and investments Capital assets:	1,117,285		1,117,285	
Non-depreciable	912,417	1,443,808	2,356,225	
Depreciable (net of accumulated depreciation)	25,668,761	-, ,	25,668,761	
Unamortized bond issuance cost	252,302		252,302	
Investment in joint venture	680,570		680,570	
Total non-current assets	28,631,335	1,443,808	30,075,143	
Total assets	32,587,727	1,511,541	34,099,268_	
Liabilities				
Current liabilities:				
Accounts payable	324,890		324,890	
Accrued wages payable	72,327		72,327	
Due to other funds	440,592		440,592 67,000	
Accrued employee absences Revenue bonds payable within one year	67,000 555,000		555,000	
• • • • • • • • • • • • • • • • • • • •	·	-0-	1,459,809	
Total current liabilities	1,459,809		1,437,607	
Non-current liabilities: Accrued employee absences	320,800		320,800	
Revenue bonds payable, less portion due within one year	5,493,923		5,493,923	
Total non-current liabilities	5,814,723	-0-	5,814,723	
Total liabilities	7,274,532	-0-	7,274,532	
Net Assets				
Invested in capital assets, net of related debt	20,532,255	1,443,808	21,976,063	
Restricted for debt service	1,117,285		1,117,285	
Unrestricted	3,663,655	67,733	3,731,388	
Total net assets	\$25,313,195	\$ 1,511,541	\$26,824,736	

CITY OF KANKAKEE, ILLINOIS STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS PROPRIETARY FUNDS

		pe Activities se Funds	
	Major Kankakee Municipal Utility	Nonmajor Motor Vehicle Parking	Total
Operating revenues:			
Charges for services:			
Sewer charges	\$ 7,229,906		\$ 7,229,906
Solid waste charges	1,511,626		1,511,626
Hydroelectric revenues	82,917	e 12.404	82,917
Parking revenues		\$ 12,494	12,494
Total operating revenues	8,824,449	12,494	8,836,943
Operating expenses: Sewer field operations:			
Administration	1,792,443		1,792,443
Sanitary sewers	799,739		799,739
Remote stations	258,583		258,583
Lab and industrial services	424,433		424,433
Technical services	438,521		438,521
Total sewer field operations	3,713,719	-0-	3,713,719
Traffic signals and building maintenance	82,917		82,917
Sewer charges	2,270,926		2,270,926
Solid waste	1,529,759	1 120	1,529,759
Parking administration Depreciation	969,357	1,120	1,120 969,357
-		1,120	
Total operating expenses	8,566,678	11,374	8,567,798 269,145
Operating income	257,771	11,574	209,143
Nonoperating revenues (expenses):	(450.02()		(450.937)
Equity interest in joint venture operating income Interest income	(450,836) 143,514	449	(450,836) 143,963
Interest expense	(586,146)	772	(586,146)
Grant revenue	6,832		6,832
Other income	132,152		132,152
Total nonoperating revenues (expenses)	(754,484)	449	(754,035)
Income (loss) before transfers	(496,713)	11,823	(484,890)
Transfers in	1,218,300		1,218,300
Transfers (out)	(1,203,928)		(1,203,928)
Change in net assets	(482,341)	11,823	(470,518)
Net assets, May 1, 2007	25,901,079	1,499,718	27,400,797
Prior period adjustment	(105,543)		(105,543)
Net assets, May 1, 2007, restated	25,795,536	1,499,718	27,295,254
Net assets, April 30, 2008	\$25,313,195	\$ 1,511,541	\$26,824,736

CITY OF KANKAKEE, ILLINOIS STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

	Business-typ Enterpris		
	Major Kankakee Municipal Utility	Nonmajor Motor Vehicle Parking	Total
Cash flows provided (used) by operating activities:			
Receipts from customers and users	\$8,650,256	\$ 11,374	\$8,661,630
Receipts from (payments to) interfund	433,875		433,875
Other receipts	60,178		60,178
Payments to suppliers	(6,334,735)		(6,334,735)
Payments to employees	(1,397,014)		(1,397,014)
Net cash provided (used) by operating activities	1,412,560	11,374	1,423,934
Cash flows provided (used) by noncapital financing activities:			
Transfers from other funds	1,218,300		1,218,300
Transfers to other funds	(1,203,928)		(1,203,928)
Net cash provided (used) by noncapital financing activities	14,372	-0-	14,372
Cash flows provided (used) by capital and related financing activities:			
Purchase of property and equipment	(95,955)		(95,955)
Additions to construction in progress	(546,550)		(546,550)
Repayment of revenue bonds	(530,000)		(530,000)
Interest paid on revenue bonds	(377,935)		(377,935)
Insurance proceeds received	58,783		58,783
Net cash provided (used) by capital and related financing activities	(1,491,657)	-0-	(1,491,657)
Cash flows provided (used) by investing activities:			
Interest received	143,514	449	143,963
Investment in WIFI	(9,900)		(9,900)
Sale of capacity	83,717		83,717
Net cash provided (used) by investing activities	217,331	449	217,780
Net increase (decrease) in cash and cash equivalents	152,606	11,823	164,429
Cash and cash equivalents, May 1, 2007	2,129,384	55,910	2,185,294
Cash and cash equivalents, April 30, 2008	\$2,281,990	\$ 67,733	\$2,349,723
Reconciliation to statement of fund net assets, April 30, 2008:			
Cash and cash equivalents	\$2,281,990	\$ 67,733	\$2,349,723
Investments with maturities greater than 3 months when acquired	11,460		11,460
Total cash and investments	\$2,293,450	\$ 67,733	\$2,361,183

CITY OF KANKAKEE, ILLINOIS STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

(Continued)

		Business-typ Enterpris			
	Major Kankakee Municipal Utility		Nonmajor Motor Vehicle Parking		Total
Reconciliation of operating income to net cash provided (used) by operating activities:					
Operating income	\$	257,771	\$	11,374	\$ 269,145
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation		969,357			969,357
Provision (credit) for bad debts		28,500			28,500
Other income		60,178			60,178
(Increase) decrease in operating assets:					
Accounts receivable		(202,693)			(202,693)
Accounts receivable-Kankakee River Metropolitan Agency		(275,920)			(275,920)
Prepaid insurance and service fees		(2,237)			(2,237)
Increase (decrease) in operating liabilities:					
Accounts payable		123,715			123,715
Accrued compensated absences		15,300			15,300
Accrued payroll		4,714			4,714
Due to other City funds		433,875			433,875
Net cash provided (used) by operating activities	\$	1,412,560	\$	11,374	\$ 1,423,934
Noncash transactions related to financing, capital and investing activities:					
Amortization of bond issuance costs		20,688	\$	-0-	 20,688
Amortization of early debt retirement deferred loss	\$	187,524	\$	-0-	 187,524
Net increase (decrease) in the fair value of investments	_\$	(4,911)	\$	-0-	 (4,911)

CITY OF KANKAKEE, ILLINOIS STATEMENT OF FIDUCIARY NET ASSETS PENSION TRUST FUNDS April 30, 2008

Assets

Cash and short-term investments	\$ 2,573,867
Receivables, less allowance for uncollectible amounts: Employee contributions	29,813
Interest	113,883
Investments, at fair value:	
Open-end mutual funds	3,578,399
Corporate securities	4,741,943
U.S. treasury and agency securities	9,777,606
Corporate bonds	50,912
Prepaid items	7,463
Total assets	20,873,886
Liabilities	
Accounts payable	313,177
Due to general fund	190
Total liabilities	313,367
Net Assets	
Net assets held in trust for pension benefits (1)	\$20,560,519

⁽¹⁾ A schedule of funding progress is presented in the Required Supplementary Information section of this report.

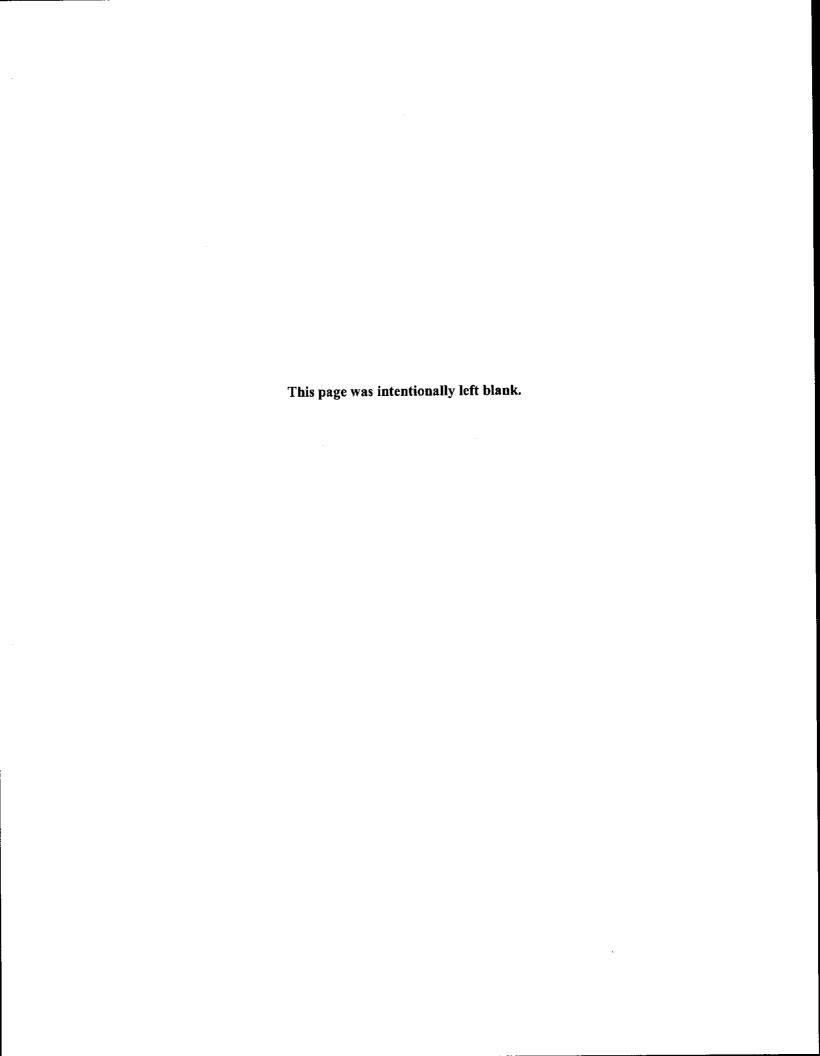
CITY OF KANKAKEE, ILLINOIS STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

PENSION TRUST FUNDS

Additions:	
Contributions:	
Employer	\$ 2,537,680
Employee	751,459
Total contributions	3,289,139
Investment income:	
Net appreciation (depreciation) in fair value of investments	(173,252)
Interest and dividends	697,007
	523,755
Less: investment expense	(141,325)
Net investment income	382,430
Total additions	3,671,569
Deductions:	
Benefits	3,561,411
Refunds of contributions	84,137
Administrative expenses	73,666
Total deductions	3,719,214
Net increase (decrease)	(47,645)
Net assets held in trust for pension benefits: May 1, 2007	20,608,164
April 30, 2008	\$ 20,560,519

CITY OF KANKAKEE, ILLINOIS COMBINING STATEMENT OF NET ASSETS COMPONENT UNITS April 30, 2008

Assets	Library Fund	Special Service Area No. 1	Totals
	ø 201501	\$ 295,381	\$ 677,972
Cash and investments	\$ 382,591	\$ 293,361	\$ 077,572
Receivables, less allowance for uncollectible amounts:	1,473,190	121,300	1,594,490
Property taxes Accounts receivable	1,473,190	3,525	3,525
Capital assets:		2,	,
Depreciable (net of accumulated depreciation)	5,581,092	677,912	6,259,004
Total assets	7,436,873	1,098,118	8,534,991
Liabilities			
Accounts payable	28,952		28,952
Due to primary government	74,266		74,266
Unearned revenue	1,473,190	121,300	1,594,490
Long-term liabilities:			
Due within one year	66,501		66,501
Due within more than one year	2,233,685		2,233,685
Total liabilities	3,876,594	121,300	3,997,894
Net Assets			
Invested in capital assets, net of related debt	3,280,906	677,912	3,958,818
Unrestricted	279,373	298,906	578,279
Total net assets	\$ 3,560,279	\$ 976,818	\$ 4,537,097

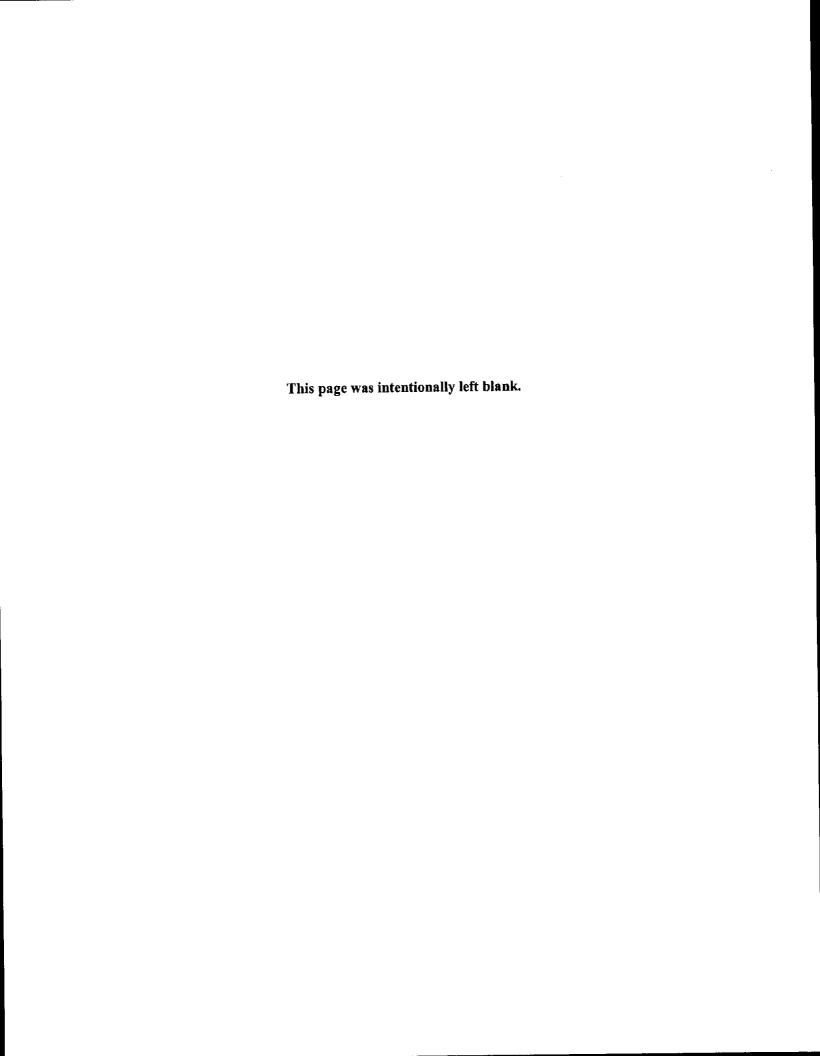


CITY OF KANKAKEE, ILLINOIS COMBINING STATEMENT OF ACTIVITIES COMPONENT UNITS

		Program Revenues	
	Expenses	Charges for Services	Operating Grants
Library Fund: Culture and recreation Interest and fiscal charges Special Service Area No. 1: General government	\$ 1,387,528 116,736 97,129	\$ 136,103	\$ 82,342
Total	\$ 1,601,393	\$ 136,103	\$ 82,342
	General Revenues Property taxes I Interest Other Contributions from	levied for genera	
	Total		
	Changes in net	assets	
	Net assets, May	y 1, 2007	
	Net assets, Apr	ril 30, 2008	

Net (Expense) Revenue and Change in Net Assets

Library Fund	Special Service Area No. 1	Total
\$ (1,169,083) (116,736)		\$ (1,169,083) (116,736)
	\$ (97,129)	(97,129)
(1,285,819)	(97,129)	(1,382,948)
1,229,365 17,793 28,819	114,887 7,627 2,906 473,307	1,344,252 25,420 31,725 473,307
1,275,977	598,727	1,874,704
(9,842)	501,598	491,756
3,570,121	475,220	4,045,341
\$ 3,560,279	\$ 976,818	\$ 4,537,097



NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The City of Kankakee, Illinois (City), is a home rule unit under the 1970 Constitution of Illinois, Article VII. The City was incorporated in 1865 and operates under an elected Mayor/Council form of government. The City Council is comprised of the Mayor and fourteen council members. The City's major operations include public safety (police, fire, code enforcement and animal control), public works, highways and streets, community development, culture and recreation, economic development, sewer and solid waste utility, and general administrative services. The following significant accounting policies apply to the City and its component units.

A. Reporting Entity

The City follows accounting principles generally accepted in the United States of America established by the Governmental Accounting Standards Board (GASB). The financial reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as:

- 1. Appointment of a voting majority of the component unit's board, and either (a) the ability to impose its will by the primary government, or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or
- 2. Fiscal dependency on the primary government.

The accompanying financial statements present the City of Kankakee, Illinois (the primary government) and its component units. The financial data of the component units is included in the City's reporting entity because of the significance of their operational or financial relationship with the City.

Blended Component Unit - A blended component unit is a legally separate entity from the City, but is so intertwined with the City that it is, in substance, the same as the City. For financial reporting purposes, the following component units are reported as if they were part of the City's operations.

- 1. Kankakee Municipal Utility (Utility) The Utility is governed by a board which is comprised mainly of City Council members. As stated in the Kankakee Municipal Utility bylaws, one City Council member from each ward is required to serve on the Kankakee Municipal Utility Board. The Utility accounts for the operation of the sewer and solid waste systems which benefit the citizens of the City.
- 2. Community Development Agency The Community Development Agency is governed by the City Council. Its major sources of revenue are intergovernmental grants that are used to benefit the citizens of the City.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Discretely Presented Component Unit - A discretely presented component unit is an entity that is legally separate from the City, but for which the City is financially accountable, or whose relationship with the City is such that exclusion would cause the City's basic financial statements to be misleading or incomplete. The following discretely presented component units are reported in a separate column to emphasize that they are legally separate from the City.

- 1. **Kankakee Public Library (Library)** The Library is governed by a board appointed by the City Council. The majority of the Library's revenues are from a property tax levy approved by the Council. The City has also assumed the obligation to finance the Library's deficits.
- 2. Special Service Area No. 1 (SSA No. 1) SSA No. 1 promotes and develops downtown Kankakee. Its major source of revenues is from a property tax levy approved by the City Council.

Separately audited financial statements for the component units are not available. Combining financial statements for the discretely presented component units are presented after the basic financial statements and prior to the notes to the financial statements.

B. Basis of Presentation

Government-wide Financial Statements - The government-wide statement of net assets and statement of activities report the overall financial activities of the City and its component units, excluding fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities of the City. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. Additionally, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Certain indirect expenses for centralized functions are included in the direct expenses. Program revenues include 1) fines, fees, and charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirement of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Fund Financial Statements - The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary and fiduciary - are presented. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The City reports the following major governmental funds:

General Fund - This fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Capital Projects Fund - This fund accounts for the resources used for capital acquisition and other major capital improvement projects including streets, sidewalks and community development projects.

The City reports the following major proprietary fund:

Kankakee Municipal Utility Fund- This fund accounts for the City's sewer and solid waste operations and the production, transmission and delivery of electrical power.

Additionally, the City reports the following fiduciary fund type:

Pension Trust Funds - These funds account for the accumulation of retirement and disability benefits for police and firefighters' pension plans.

C. Measurement Focus and Basis of Accounting:

Government-wide, Proprietary and Fiduciary Fund Financial Statements - The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the City receives value without directly giving equal value in exchange, include property tax revenue, grants, and other contributions. On an accrual basis, revenue from property taxes is recognized in the period for which the levy is intended to finance, which is the year after the taxes are levied. For example, the 2006 levy is recognized as revenue for the year ended April 30, 2008. Revenues from grants and other contributions are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted;

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

matching requirements, in which the City must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from exchange transactions associated with a proprietary fund's principal ongoing activities. Exchange transactions are those in which each party receives and gives up essentially equal values. The principal operating revenues of the City's enterprise funds come from charges to customers for sales and services which include sewer and solid waste charges, utility fees and parking fees. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

Pension trust funds recognize employer and participant contributions in the period in which contributions are due and the City has made a formal commitment to provide the contributions. Retirement benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Governmental Fund Financial Statements - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues, except for property taxes, to be available if they are collected within 90 days of the end of the current fiscal period. Revenues for property taxes are considered to be available if they are collected within 60 days of the end of the current fiscal year for the year intended to finance. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on general long-term debt and claims and judgments are recorded only when payment is due. Compensated absences are recorded only when retirement or separation has General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, income taxes, utility taxes, intergovernmental revenues, franchise taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Licenses and permits, fines and forfeitures, charges for sales and services (other than utility) and miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received.

The City reports deferred revenue on its financial statements. Deferred revenues arise when a potential revenue does not meet both the measurable and available or earned criteria for recognition in the current period. Deferred revenues also arise when the resources are received by the City before it has a legal claim to them or prior to the provision of services. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the financial statements and revenue is recognized.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant and, accordingly, when such funds are received they are recorded as deferred revenues until earned.

D. Investments

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Insurance contracts are valued at contract value. The value of open-end mutual funds are determined by the pool's share price. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Managed funds related to the retirement systems not listed on an established market are reported at estimated fair value as determined by the respective fund managers based on quoted sales prices of the underlying securities. Cash deposits are reported at carrying amount which reasonably estimates fair value. All external investment pools are reported at fair value based on the fair value per share of the pool's underlying portfolio.

E. Interfund Transactions

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" for the current portion of interfund loans or "advances to/from other funds" for the non-current portion of interfund loans. All other outstanding balances between funds are reported as "due to/from other funds." Interfund balances between governmental funds and between proprietary funds are not included in the government-wide statement of net assets. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances". Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not expendable available financial resources.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

The City has the following types of interfund transactions:

Loans - Amounts provided with a requirement for repayment. Interfund loans are reported as interfund receivables (i.e. due from other funds) in lender funds and interfund payables (i.e. due to other funds) in borrower funds in the fund balance sheets or fund statements of net assets.

Services Provided and Used - Sales and purchases of goods and services between funds for a price approximating their external exchange value. Interfund services provided and used are reported as revenues in seller funds and expenditures or expenses in purchaser funds. Unpaid amounts are reported as interfund receivables and payables in the fund balance sheets or fund statements of net assets.

Reimbursements - Repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements are reported as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.

Transfers - Flows of assets (such as cash or goods) without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers. In proprietary funds, transfers are reported after nonoperating revenues and expenses.

F. Inventory and Prepaid Items

Inventory, such as fuel and office supplies, is accounted for using the consumption method and is valued at an average weighted cost. Inventory reported in the governmental funds is not available for appropriation and therefore, results in a reservation of fund balance.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

G. Restricted Assets - Enterprise Funds

Certain cash and investments in the Kankakee Municipal Utility Fund are restricted in accordance with the ordinances authorizing the issuance of the revenue bonds. These assets are reflected as restricted cash and investments and reservation of net assets.

H. Long-Term Debt, Bond Premiums, Discounts and Issuance Costs

In the government-wide and proprietary fund financial statements, outstanding debts are reported as liabilities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. The amount of bond issue costs amortized during the year ended April 30, 2008, for the governmental and business-type activities was \$53,850 and \$20,688, respectively. The

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

unamortized balances at April 30, 2008, for the governmental and business-type activities was \$749,005 and \$252,302, respectively.

In the fund financial statements, government fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

I. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (roads, bridges, drainage systems, traffic controls, etc.) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

Minimum capitalization costs are as follows:

Land	\$ 25,000
Machinery, equipment and vehicles	5,000
Buildings, land improvements, leasehold	
improvements	100,000
Infrastructure assets	250,000

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized, whereas improvements extending the useful lives of the related capital assets are capitalized.

Capital assets of the City and its component units are depreciated using the straight-line method over the following useful lives:

	<u>Years</u>
Buildings, major plant and sewerage equipment	20 - 75
Machinery, equipment and vehicles	5 - 20
Improvements	7 - 40
Infrastructure	25 - 100

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

J. Net Assets

In the government-wide and proprietary fund financial statements, equity is displayed in three components as follows:

Invested in Capital Assets, Net of Related Debt - This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets, plus any material unspent bond proceeds.

Restricted - This consists of net assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, generally it is the City's policy to use restricted resources first, then unrestricted resources when they are needed.

Unrestricted - This consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

K. Compensated Absences

City employees are entitled to certain compensated absences based on their length of employment. With minor exceptions, compensated absences either vest or accumulate and are accrued when they are earned.

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of unpaid, accumulated vacation and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

L. Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments, including cash in excess of daily requirements that is invested in marketable securities, substantially all of which have a maturity of three months or less when acquired.

M. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

N. Fund Equity - Fund Financial Statements

The unreserved fund balances for governmental funds represent the amount available for budgeting future operations. The reserved fund balances for governmental funds represent amounts that are not available for appropriation or are legally restricted by outside parties for specific purposes. Reserved fund balances in pension trust funds represent the net assets held in trust that are required to be reserved for the employees' pension benefits.

O. Investment in Joint Venture

The Kankakee Municipal Utility has two investments in joint ventures which are reported on the equity method of accounting.

NOTE 2 - DEPOSITS AND INVESTMENTS:

Investing is performed in accordance with investment policies complying with state statutes (as outlined in the Illinois Public Funds Act of 1943) and City charter. These statutes and the City charter authorize the City to invest in direct and general obligations of the United States of America, obligations issued or guaranteed by instrumentalities or agencies of the United States of America, direct and general obligations of any state, interest-bearing demand or time deposits or interest in money market portfolios issued by state banks or trust companies or national banking associations or savings and loan associations that are continuously and fully insured, shares of a diversified open-end management investment company, state pooled investment funds, or repurchase agreements of government securities through banks or trust companies. Police and Fire pension investments are governed by the Illinois Pension Code which authorize, in addition to the above investments, investments in common stock, mutual funds and life insurance company contracts. The City's Police and Firefighters' Pension funds, under the direction of their respective Boards of Trustees, contractually delegate investment oversight to investment managers.

The City maintains a cash and investment pool that is available for use by the General Fund, Capital Projects Fund, and all special revenue funds (except the Motor Fuel Tax Fund, the Community Development Agency, and the Senior Aides Program). In addition, non-pooled cash and investments are separately held by several of the City's funds including component units. The deposits and investments of the pension trust funds are held separately from those of the other City funds.

Deposits:

The City, component units and pension trust funds' investment policies require all uninsured deposits with financial institutions to be fully collateralized with the collateral held by an independent third party acting as the City's agent and held in the name of the City, component units and pension trust funds, respectively.

At April 30, 2008, the carrying amount of the City's deposits for governmental and business-type activities was \$3,275,291 and the bank balance was \$3,589,604. The entire bank balance was covered through federal depository insurance or by collateral held by the City or its agent, in the City's name.

NOTE 2 - **DEPOSITS AND INVESTMENTS (Continued):**

At April 30, 2008, the carrying amount of deposits of fiduciary activities was \$476,768 and the bank balance was \$476,930 of which \$196,355 was uninsured and uncollateralized. This portion of the bank balance that is uninsured and uncollateralized is a violation of the City's investment policy.

At April 30, 2008, the carrying amount of deposits of the City's component units was \$323,554 and the bank balance was \$327,116 of which \$216,735 was uninsured and uncollateralized. This portion of the bank balance that is uninsured and uncollateralized is a violation of the City's investment policy.

Investments:

The following table presents the investments and investment maturities of the City and its component units as of April 30, 2008. Categorized investments are insured or registered for which the securities are held by the City or its agent in the City's name. Uncategorized investments are not subject to categorization because they are not securities. The relationship between the City and the investment agent is a direct contractual relationship.

		In	vestment Matu	rities (in Years)	
					More
Investment Type	Fair Value	Less Than 1	1-5	6-10	<u>than 10</u>
Governmental and business-type activities:					
Uncategorized investments:					
Illinois Funds	\$ 3,526,370	\$ 3,526,370			
Treasury Management Investment Fund Illinois Metropolitan Investment	8,362,200	8,362,200			
Fund (IMET)	1,105,626	1,105,626			
Common stock (1)	<u>11,460</u>		_		_
	13,005,656	12,994,196	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
Fiduciary activities:					
Categorized investments:					
U.S. Treasury obligation	5,822,304	639,680	3,148,328	1,814,952	219,344
U.S. Government agencies	3,955,302	100,469	3,049,942	528,072	276,819
Uncategorized investments:					
Illinois Funds	246,367	246,367			
Mutual funds	3,578,399	3,578,399			
Money market	1,850,732	1,850,732			
Common stock (1)	4,741,943				
Corporate bonds	50,912		50,912		
	20,245,959	<u>6,415,647</u>	6,249,182	2,343,024	<u>496,163</u>
Component units;					
Uncategorized investments:					
Illinois Funds	69,418	69,418			
Treasury Management Investment Fund	<u>285,000</u>	<u>285,000</u>	_		
	<u>354,418</u>	<u>354,418</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total investments	\$ <u>33,606,033</u>	\$ <u>19,764,261</u>	\$ <u>6,249,182</u>	\$ <u>2,343,024</u>	\$ <u>496,163</u>

⁽¹⁾ Risk disclosures does not apply to equities.

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued):

Certificates of deposits, which have been presented as bank deposits in this note, are classified as investments for financial reporting purposes.

The investments in the securities of U.S. government agencies were all rated AAA by Standard & Poor's, and AAA by Moody's Investors Services. The securities of U.S. government agencies at April 30, 2008 consist of the following:

	<u>Fiduciary</u>
FHLMC	\$1,600,949
FNMA	2,148,456
GNMA	205,896
Total	\$ <u>3,955,301</u>

In accordance with the City's investment policy, the City invests in mortgage-backed securities. These securities are reported at fair value and are based on the cash flows from interest and principal payments by the underlying mortgages. As a result, they are sensitive to prepayments by mortgagees, which may result from a decline in interest rates. For example, if interest rates decline and homeowners refinance mortgages, thereby prepaying the mortgages underlying these securities, the cash flow from interest payments is reduced and the value of these securities declines. Likewise, if homeowners pay on mortgages longer than anticipated, the cash flows are greater and the return on the initial investment would be higher than anticipated. The City invests in mortgage-backed securities to diversify the portfolio and to increase the return while minimizing the extent of risk.

The City invests in Illinois Funds, an external investment pool administered by the State Treasurer, which is rated AAAm by Standard & Poor's Investment Services. The City also invests in Treasury Management Investment Fund, an external investment sweep fund designed specifically for government and municipal entities. The Fund is administered by Allegiance Asset Management Company. The Fund has an average portfolio quality rating of A1+/P1. The City also invests in Illinois Metropolitan Investment Fund, an external investment pool administered by and for Illinois public funds managers and financial officers, which is rated AAAf/S1 by Standard & Poor's Investment Services. No rating is available for the City's investment in money market and corporate bonds which are managed by an investment broker.

Interest Rate Risk

The City's investment policy limits investment maturities in the General Fund and Special Revenue Funds to a maximum of 36 months. Investments in other funds may be purchased with a longer maturity to match future project or liability requirements as limited by bond ordinances. However, in practice, the City generally limits the average duration of its investments to less than one year in order to control fair value losses arising from increasing interest rates and to remain sufficiently liquid to meet operating needs. Interest rate risk for investments held by Pension Trust Funds is managed by establishing investment parameters for the investment managers.

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued):

Credit Risk

The City's investment and cash management policy, as well as the investment policies of the Police and Firefighters' Pension Trust Funds, prescribe to the "prudent person" rule, which states "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the possible income to be derived." The City's investment policy follows the requirements of the State of Illinois Public Funds Investment Act, which prescribes allowable investment vehicles. According to the City's investment policy governing diversification, its investment in Illinois Funds shall not exceed 40 percent of the total investment portfolio unless specifically authorized by the City Council. The City places no limit on the amount the City may invest in any other issuer. The Police and Firefighters' Pension Trust Funds each have separate investment policies, which establish criteria for allowable investments. Both funds follow the requirements of the Illinois Pension Code. The following significant investments (other than those explicitly guaranteed or issued by the U.S. government or those invested in mutual funds, external investment pools or other pooled investments) in the Police and Firefighters' Pension Plans represent 5 percent or more of the net assets available for benefits of the respective plans:

Police Pension Fund:	
FNMA	\$1,640,987
FHLMC	634,234
	\$ <u>2,275,221</u>
Firefighters' Pension Fund:	
FNMA	\$ 507,469
FHLMC	966,715

NOTE 3 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS:

Illinois Municipal Retirement Fund:

Plan Description

The City contributes to the Illinois Municipal Retirement Fund (IMRF), which provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. IMRF is an agent-multiple-employer public employee retirement system that acts as a common investment and administrative agent for local governments and school districts in Illinois. The IMRF covers all City employees who occupy a job normally requiring 600 hours or more per year, are paid on a regular payroll from City funds, were under age 60 when first entering employment and are not covered by another state-created retirement system for the same service. Employees not qualifying above are considered "Nonparticipating employees" and are covered under Social Security or under the police pension or firefighters' pension plans. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at www.imrf.org/pubs/pubs_homepage.htm or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

\$1.474.184

NOTE 3 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):

Funding Policy

Employees participating in IMRF are required to contribute 4.5 percent of their annual covered salary. The member rate is established by state statute. The City is required to contribute at an actuarially determined rate. The employer rate for calendar year 2007 was 4.89 percent of payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (overfunded liability amortized on open basis). The amortization period at December 31, 2007 was 5 years.

For December 31, 2007, the City's annual pension cost of \$266,410 was equal to the City's required and actual contributions. The required contribution was determined as part of the December 31, 2005 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.5 percent investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00 percent a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4 percent to 10.0 percent per year depending on age and services, attributable to seniority/merit, and (d) post-retirement benefit increases of 3 percent annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 15 percent corridor. The assumptions used for the 2007 actuarial valuation were based on the 2002-2004 Experience Study.

Trend Information

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
December 31, 2007	\$266,410	100%	\$-0-
December 31, 2006	238,011	100	-0-
December 31, 2005	244,779	100	-0-
December 31, 2004	252,508	100	-0-
December 31, 2003	50,461	100	-0-
December 31, 2002	54,096	100	-0-
December 31, 2001	55,491	100	-0-
December 31, 2000	155,983	100	-0-
December 31, 1999	369,369	100	-0-
December 31, 1998	390,811	100	-0-

A schedule of funding progress may be found in the required supplementary information immediately following the notes to the financial statements.

Police Pension and Firefighters' Pension Funds:

A. Plan descriptions

The City contributes to two single-employer defined benefit pension plans: The Police Pension Plan and the Firefighters' Pension Plan (Plans). Each plan provides retirement, disability, and death benefits, and annual cost-of-living adjustments to plan members and beneficiaries. Sworn Police and Fire personnel are covered by the Plans. Although these are single-employer pension plans, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statues (ILCS) and may be amended only by the Illinois legislature. The City

NOTE 3 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):

accounts for the Plans as Pension Trust Funds. The City does not, however, separately issue financial reports for the Plans.

The financial statements of the Plans are prepared using the accrual basis of accounting. Employee contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. All plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price. Securities without an established market are reported at estimated fair value.

The City funds its contribution to the Plans through an annual tax levy. The levy amount is actuarially determined as the annual contribution necessary to fund the normal cost, plus the amount to amortize the unfunded accrued liability. Effective July 1, 1993, the City has until the year 2033 to fully fund the past services costs for the Plans. Administrative costs are financed through investment earnings.

Police Pension Plan

Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of 2.5 percent of final salary for each year of service up to 30 years, to a maximum of 75 percent of such salary.

Employees with at least 8 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit of 2.5 percent of final salary for each year of service.

Surviving spouses receive 100 percent of final salary for fatalities resulting from an act of duty, or otherwise the greater of 50 percent of final salary or the employee's retirement benefit.

Employees disabled in the line of duty receive 65 percent of final salary.

The monthly pension of a covered employee who retired with 20 or more years of service after January 1, 1977, shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years by 3 percent of the originally granted pension. Beginning with increases granted on or after July 1, 1993, the second and subsequent automatic annual increases shall be calculated as 3 percent of the amount of the pension payable at the time of the increase.

Employees are required by ILCS to contribute 9.91 percent of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest.

Firefighters' Pension Plan

Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the monthly salary attached to the rank held in the fire service at the date of retirement. The monthly pension shall be increased by one-twelfth of 2.5 percent of such monthly salary for each additional month of service over 20 years up to 30 years, to a maximum of 75 percent of such monthly salary.

NOTE 3 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):

Employees with at least 10 years, but less than 20 years of credited service, may retire at or after age 60 and receive a reduced retirement benefit ranging from 15 percent of final salary for 10 years of service to 45.6 percent for 19 years of service.

Surviving spouses receive 100 percent of final salary for fatalities resulting from an act of duty, or otherwise the greater of 54 percent of final salary or the monthly retirement pension that the deceased firefighter was receiving at the time of death. Surviving children receive 12 percent of final salary. The maximum family survivor benefit is 75 percent of final salary.

Employees disabled in the line of duty receive 65 percent of final salary. The monthly pension of a covered employee who retired with 20 or more years of service after January 1, 1977, shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55, by 3 percent of the amount of the pension payable at the time of the increase.

Covered employees are required by ILCS to contribute 9.455 percent of their base salary to the Firefighters' Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest.

B. Significant Investments

There are no significant investments (other than those guaranteed or issued by the U.S. government) in any one organization that represent 5 percent or more of the net assets available for benefits except for the following investments:

Police Pension Fund: UTS SPDR Trust Fund	\$ <u>648,693</u>
Firefighters' Pension Fund:	\$614.909

C. Annual Pension Costs, Net Pension Obligation and Other Information

Actuarial valuations are performed annually. Unless otherwise indicated, information on Police and Firefighters' pension in this note is provided as of the latest actuarial valuation date, April 30, 2007. There are no material current year changes to the actuarial assumptions and benefit provisions.

Membership of the plans is as follows:

	Police <u>Pension</u>	Firefighters' Pension
Retirees and beneficiaries receiving benefits Terminated plan members	51	71
entitled to but not yet receiving benefits Active vested plan members	-0- 47	2 22 20
Active nonvested plan members	<u>25</u>	_29
Total	<u>123</u>	<u>124</u>

$\underline{\textbf{NOTE 3}}$ - $\underline{\textbf{EMPLOYEE}}$ RETIREMENT SYSTEMS AND PENSION PLANS (Continued):

Employer contributions have been determined as follows:

	Police Pension	Firefighters' Pension
Employer contribution rate	31.11% of covered payroll	43.254% of covered payroll
Actuarial cost method	Entry-age normal	Entry-age normal
Asset valuation method	Market	Market
Amortization method	Level percentage of payroll, closed	Level percentage of payroll, closed
Amortization period	26 years	26 years
Significant actuarial assumptions: (a) Investment rate of return*	8.5% Compounded annually	8.5% Compounded annually
(b) Projected salary increases*	5% Compounded annually	5% Compounded annually
(c) Cost of living adjustments	3% per year	3% per year
* Includes inflation at	3%	3%

Employer annual pension costs (APC), actual contributions and the net pension obligation (NPO) are as follows. The NPO is the cumulative difference between the Annual Required Contribution (ARC) and the contributions actually made.

Year Ending <u>April 30,</u>	Police Pension	Firefighters' Pension
2005 2006 2007	\$1,161,527 1,229,795 1,359,250	\$1,257,887 1,396,160 1,478,615
		\$1,090,926 1,082,677
2007	1,303,319	1,301,223
2005	89.1%	86.7%
2006	84.2% 95.9%	77.5% 88.0%
2005 2006 2007	\$4,237,924 4,432,296 4,488,227	\$5,878,488 6,191,971 6,369,363
	Ending April 30, 2005 2006 2007 2005 2006 2007 2005 2006 2007	Ending April 30, Police Pension 2005 \$1,161,527 2006 1,229,795 2007 1,359,250 2005 \$1,034,354 2006 1,035,423 2007 1,303,319 2005 89.1% 2006 84.2% 2007 95.9% 2005 \$4,237,924 2006 4,432,296

<u>NOTE 3</u> - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):

The NPO at April 30, 2007 has been calculated as follows:

	Police Pension	Firefighters' Pension
Annual required contribution Interest on net pension obligation Adjustment to annual required contribution	\$1,234,017 376,745 _(251,512)	\$1,303,662 526,318 (351,365)
Annual pension cost	1,359,250	1,478,615
Contributions made	1,303,319	1,301,223
Increase in net pension obligation Net pension obligation, beginning of year	55,931 <u>4,432,296</u>	177,392 <u>6,191,971</u>
Net pension obligation, end of year	\$ <u>4,488,227</u>	\$ <u>6,369,363</u>

D. Pension Financial Statements

The following is a combining statement of plan net assets as of April 30, 2008:

	Police Pension Fund	Firefighters' Pension Fund	Totals
Assets:		1 4114	
Cash and short-term investments	\$ 1,972,893	\$ 600,974	\$2,573,867
Receivables, less allowance for			
uncollectible amounts:			
Employee contributions	18,032	11,781	29,813
Interest	61,706	52,177	113,883
Investments, at fair value:			
Open-end mutual funds	1,632,650	1,945,749	3,578,399
Corporate securities	3,07 5, 987	1,665,956	4,741,943
U.S. treasury and agency securities	5,031,803	4,745,803	9,777,606
Corporate bonds		50,912	50,912
Prepaid items		<u>7,463</u>	7,463
Total assets	11,793,071	9,080,815	20,873,886
Liabilities:			
Accounts payable	136,392	176,785	313,177
Due to General Fund		190	<u>190</u>
Total liabilities	136,392	176,975	313,367
Net assets: Net assets held in trust for			
pension benefits	\$ <u>11,656,679</u>	\$ <u>8,903,840</u>	\$ <u>20,560,519</u>

$\underline{\mathbf{NOTE}\ 3}$ - $\underline{\mathbf{EMPLOYEE}}$ RETIREMENT SYSTEMS AND PENSION PLANS (Continued):

The following is a combining statement of changes in plan net assets for the year ended April 30, 2008:

2008:	Police Pension Fund	Firefighters' Pension Fund	Totals
Additions:			
Contributions:	Ф 1 0 24 010	e 1 202 662	\$ 2,537,680
Employer	\$ 1,234,018	\$ 1,303,662	751,4 <u>59</u>
Employee	437,193	_314,266	<u> 751,455</u>
Total contributions	1,671,211	1,617,928	3,289,139
Investment income:			
Net appreciation (depreciation) in			
fair value of investments	(144,756)	(28,496)	(173,252)
Interest and dividends	<u>392,790</u>	<u>304,217</u>	<u>697,007</u>
	248,034	275,721	523,755
Less: investment expenses	(77,591)	(63,734)	(141,325)
Net investment income	170,443	211,987	382,430
Total additions	1,841,654	1,829,915	3,671,569
Deductions:			
Benefits	1,451,646	2,109,765	3,561,411
Refunds of contributions	42,117	42,020	84,137
Administrative expenses	24,042	49,624	73,666
Total deductions	1,517,805	<u>2,201,409</u>	3,719,214
Net increase (decrease)	323,849	(371,494)	(47,645)
Net assets held in trust for			
pension benefits: May 1, 2007	11,332,830	9,275,334	20,608,164
April 30, 2008	\$ <u>11,656,679</u>	\$ <u>8,903,840</u>	\$ <u>20,560,519</u>

A schedule of funding progress and a schedule of employer contributions may be found in the required supplementary information immediately following the notes to the financial statements.

NOTE 4 - RESERVED FUND BALANCES:

General Fund:

Reserve for Prepaid Insurance

The City is insured through the Illinois Public Risk Fund. The period of coverage is from December 15, 2007, through December 15, 2008. The portion of insurance prepaid is shown as a reserved fund balance. At April 30, 2008, the fund balance was reserved for	\$576,540
The City has prepaid its May 2008 health insurance premium in April 2008. At April 30, 2008, the fund balance was reserved for	<u>190,153</u>
Reserve for Inventories	766,693
The City maintains an inventory of gasoline and supplies. The value of the inventory is shown as a reserved fund balance. At April 30, 2008, the fund balance was reserved for	48,315
Total General Fund Reserves	\$ <u>815,008</u>
Capital Projects Fund:	
Reserve for Capital Projects	
The City has reserved the unexpended portion of Series 2006 and Series 2007 Bonds for future capital projects within the City	\$ <u>5,384,813</u>
Nonmajor Governmental Funds:	
Tax Increment Financing Districts:	
Reserve for Economic Development	
The City has reserved the unexpended revenues of its various Tax Increment Financing Districts for the future economic development activities of the District. At April 30, 2008, the fund balances were reserved as follows:	
Tax Increment Financing District No. 2	\$ 836,318
Tax Increment Financing District No. 3	243,443
Tax Increment Financing District No. 4	82,399
Tax Increment Financing District No. 5	58,457
Tax Increment Financing District No. 6	228,830
Tax Increment Financing District No. 7	81,866
Tax Increment Financing District No. 8	891,192

\$2,422,505

NOTE 4 - RESERVED FUND BALANCES (Continued):

Motor Fuel Tax Fund:

Reserve for Unexpended Street Maintenance Programs

The City of Kankakee has reserved the unexpended amounts for the 2008 street maintenance programs for a total of

\$116,827

Debt Service Funds:

Reserve for Debt Service

The City of Kankakee has a reserve of fund balance for the retirement of General Obligation Bonds. At April 30, 2008, the fund balance was reserved for

\$935,547

Fiduciary Funds:

Pension Trust Funds:

Reserve for Employees' Pension Benefits

The City of Kankakee has reserved the net assets held in trust for the benefit of all active members and pensioners of the Firefighters' and Police Pension Funds. At April 30, 2008, the fund balance was reserved as follows:

Police Pension Fund

\$11,656,679

Firefighters' Pension Fund

8,903,840

\$20,560,519

NOTE 5 - CAPITAL ASSETS:

A summary of changes in capital assets of the City and its component units for the year ended April 30, 2008 is as follows:

Primary government:	Balance May 1, 2007	Additions	<u>Deletions</u>	Balance April 30, 2008
Governmental activities: Capital assets not being depreciated:				
Land	\$ 5,237,509	\$ 304,601		\$ 5,542,110
Construction in progress	912,720	6,167,104	\$ <u>2,034,360</u>	5,045,464
Total capital assets	6,150,229	6,471,705	2,034,360	10,587,574
not being depreciated	0,130,229	0,471,703	2,034,300	10,367,374
Capital assets being depreciated:				
Buildings	3,361,298	294,604		3,655,902
Equipment	1,341,716	354,832	81,360	1,615,188
Vehicles	4,949,259	531,209	120,512	5,359,956
Land improvements	1,802,064	214,832		2,016,896
Infrastructure	<u>68,639,980</u>	<u>3,411,433</u>		<u>72,051,413</u>
Total capital assets			204.052	04.600.255
being depreciated	80,094,317	<u>4,806,910</u>	<u>201,872</u>	<u>84,699,355</u>
Less accumulated depreciation:	1 227 100	20.074		1 275 262
Buildings	1,337,188	38,074 130,625	81,360	1,375,262 1,255,950
Equipment Vehicles	1,206,685 3,143,283	298,851	112,512	3,329,622
Land improvements	538,497	88,885	112,512	627,382
Infrastructure	12,181,070	850,161		13,031,231
minastructure	12,101,070	050,101		15,051,251
Total accumulated depreciation	18,406,723	1,406,596	193,872	19,619,447
Total capital assets being depreciated, net	61,687,594	3,400,314	<u>8,000</u>	65,079,908
Total capital assets, net	\$ <u>67,837,823</u>	\$ <u>9,872,019</u>	\$ <u>2,042,360</u>	\$ <u>75,667,482</u>

Depreciation expense for governmental activities for the year ended April 30, 2008 was charged to functions as follows:

General government	\$	92,642
Public safety		261,108
Public works		172,296
Highways and streets		850,161
Community development	_	30,389
	\$ <u>1</u>	<u>,406,596</u>

NOTE 5 - CAPITAL ASSETS (Continued):

	Balance May 1, 2007	Additions	Deletions	Balance April 30, 2008
Business-type activities: Kankakee Municipal Utility: Capital assets not being depreciated:				
Land	\$ 257,359			\$ 257,359
Construction in progress	108,507	\$ <u>546,551</u>		<u>655,058</u>
Total capital assets not being depreciated	<u>365,866</u>	<u>546,551</u>	\$ <u>-0-</u>	<u>912,417</u>
Capital assets being depreciated:	11,695,519			11,695,519
Buildings	• •			1,390,969
Equipment	1,390,969	27 172	50.020	637,245
Vehicles	659,112	37,172	59,039	
Leasehold improvements	289,696			289,696
Infrastructure	<u>26,209,012</u>			26,209,012
Total capital assets being depreciated	40,244,308	<u>37,172</u>	59,039	40,222,441
being depreciated	40,244,508	57,172	57,057	10,222,
Less accumulated depreciation:				
Buildings	4,166,044	247,304		4,413,348
Equipment	715,043	80,402		795,445
Vehicles	574,334	46,969	59,039	562,264
Leasehold improvements	37,092	8,296	,	45,388
Infrastructure	8,150,849	<u>586,386</u>		<u>8,737,235</u>
Total accumulated				
depreciation	13,643,362	<u>969,357</u>	<u>59,039</u>	14,553,680
Total capital assets		(044 455)	0	25 ((0.7(1
being depreciated, net	<u>26,600,946</u>	(<u>932,185</u>)	<u>-0-</u>	<u>25,668,761</u>
Total capital assets, net	\$ <u>26,966,812</u>	\$(<u>385,634</u>)	\$ <u>-0-</u>	\$ <u>26,581,178</u>
Motor Vehicle Parking: Capital assets not being depreciated:				
Land	\$ <u>1,443,808</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>1,443,808</u>
Capital assets being depreciated: Equipment Vehicles Land improvements	82,384 18,555 731,992	_	_	82,384 18,555 <u>731,992</u>
Total capital assets being depreciated	832,931	<u>-0-</u>	<u>-0-</u>	<u>832,931</u>

NOTE 5 - CAPITAL ASSETS (Continued):

	Balance May 1, 2007	Additions	Deletions	Balance April 30, 2008
Less accumulated depreciation: Equipment Vehicles Land improvements	\$ 82,384 18,555 731,992		-	\$ 82,384 18,555 731,992
Total accumulated depreciation	832,931	\$ <u>-0-</u>	\$ <u>-0</u> -	832,931
Total capital assets being depreciated, net	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total capital assets, net	\$ <u>1,443,808</u>	\$ <u>-0-</u>	\$ <u>-0</u> -	\$ <u>1,443,808</u>
Component Units: Library:				
Capital assets being depreciated: Buildings	\$6,422,889			\$6,422,889
Equipment	59,489			59,489
Leasehold improvements	156,317			156,317
Total capital assets being depreciated	<u>6,638,695</u>	\$ <u>-0-</u>	\$ <u>-0</u> -	6,638,695
Less accumulated depreciation:	.==	=0.40 =		050.004
Buildings	879,847	79,187		959,034
Equipment	47,592	11,897		59,489
Leasehold improvements	31,264	<u>7,816</u>		39,080
Total accumulated	050 502	00.000	0	1.057.602
depreciation	<u>958,703</u>	<u>98,900</u>	<u>-0</u> .	1,057,603
Total capital assets, net	\$ <u>5,679,992</u>	\$(<u>98,900</u>)	\$ <u>-0</u>	\$ <u>5,581,092</u>
Special Service Area No. 1: Capital assets being depreciated:	¢1.60.0 2 0	P550 615		\$777 5 25
Land improvements	\$169,920	\$552,615		\$722,535
Less accumulated depreciation: Land improvements	<u>8,496</u>	36,127		44,623
Total capital assets, net	\$ <u>161,424</u>	\$ <u>516,488</u>	\$ <u>-0</u>	\$ <u>677,912</u>

NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES:

Interfund balances at April 30, 2008 consisted of the following:

Primary government:

Governmental funds:

Due to General Fund from:

Kankakee Municipal Utility \$ 440,592 Nonmajor governmental funds 1,096,040

Total \$1,536,632

Fiduciary Funds:

Firefighters' Pension Fund \$190

Component units:

Library \$59,782

Due to Capital Projects Fund from:

Nonmajor governmental funds \$555,844

Component units:

Library \$8,205

Due to nonmajor governmental funds from:

Nonmajor governmental funds \$475,264

Component units:

Library \$<u>6,279</u>

Enterprise funds:

Due to Kankakee Municipal Utility from:

Nonmajor governmental funds \$120,243

These balances resulted from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made. All these interfund balances are expected to be repaid within one year.

NOTE 7 - ACCOUNTS RECEIVABLE:

An analysis of the collectibility of accounts receivable for sewer, garbage collection, community oriented policing fees and Community Development Agency loans was performed as of April 30, 2008. The analysis shows that the collection of approximately \$506,000 of these accounts is doubtful. An allowance for uncollectible accounts for this amount has been recorded. At April 30, 2008, the City has deferred economic development loans receivable of \$1,042,813 (less allowance of \$188,000) since they will not be available to pay current period expenditures. All other receivables are scheduled for collection during the fiscal year ending April 30, 2008.

NOTE 7 - ACCOUNTS RECEIVABLE (Continued):

Accounts receivable at April 30, 2008, are as follows:

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Activities
Governmental activities: Trash collection Franchise fees Economic development loans	\$184,389 74,660		\$1,042,813	\$ 184,389 74,660 1,042,813
Developer receivable Other receivables	132,866	\$581,242 	109	581,242 135,245
Total	391,915	583,512	1,042,922	2,018,349
Less: allowance for doubtful accounts	(<u>51,000</u>)		(188,000)	_(239,000)
Total accounts receivable, net	\$ <u>340,915</u>	\$ <u>583,512</u>	\$ <u>854,922</u>	\$ <u>1,779,349</u>
Dusings type estivities			Kankakee Municipal <u>Utility</u>	
Business-type activities: Sewer charges Garbage collection Other receivables			\$1,497,156 889,105 43,930	
Total			2,430,191	
Less: allowance for doubtful accounts			(267,000)	
Total accounts receivable, ne	et		\$ <u>2,163,191</u>	

NOTE 8 - DUE FROM OTHER GOVERNMENTAL AGENCIES:

The following receivables are included in due from other governmental agencies:

Governmental activities:

C OIIIIIIOIII GC OI IOICC	
General Fund:	
Sales tax	\$6,291,181
Local use tax	92,368
State replacement tax	250,910
Income tax	234,548
Various grants	51,143
Total General Fund	6,920,150

NOTE 8 - DUE FROM OTHER GOVERNMENTAL AGENCIES (Continued):

Capital Projects Fund:		
LEED Grant	\$	<u>54,871</u>
N		
Nonmajor governmental funds:		
CDBG Grant		38,034
HOME Grant		9,775
Lead Grant		84,767
Senior Aides Grant		11,178
Motor fuel taxes		<u>177,356</u>
Total nonmajor governmental funds		321,110
Total governmental activities	\$ <u>7.</u>	296,131
Business-type activities:		
Kankakee Municipal Utility:		
Kankakee River Metropolitan Agency	\$	<u>445,492</u>

NOTE 9 - SPECIAL ASSESSMENTS:

The special assessments receivable of \$3,113,000 results from the creation of Indian Meadows Special Tax Assessment District for infrastructure costs. The special assessments are recorded when levied. Deferred assessments consist of unbilled special assessments which are liens against the property benefited. \$2,855,500 of the special assessments receivable is not expected to be collected within one year.

NOTE 10 - LONG-TERM DEBT OBLIGATIONS:

A summary of changes in long-term debt for the year ended April 30, 2008 is as follows:

	Balance <u>May 1, 2007</u>	Increases	Decreases	Balance April 30, 2008	Due within One Year
Primary Government:					
Governmental activities:					
Bonds Payable:					
General obligation bonds	\$51,455,000	\$ 6,827,327	\$3,185,000	\$55,097,327	\$3,585,000
Premium on bond proceeds	1,030,732	76,569	131,202	976,099	
Less: deferred loss on refunded					
d ebt	<u>718,714</u>		97,717	620,997	
Total bonds payable	51,767,018	6,903,896	3,218,485	55,452,429	3,585,000
Installment notes	359,319	3,376,532	75,317	3,660,534	348,938
Unfunded employer pension					
contributions	10,624,267	233,323		10,857,590	
Compensated absences	3,971,000	246,000		4,217,000	734,000
-					
Total long-term debt	\$ <u>66,721,604</u>	\$ <u>10,759,751</u>	\$ <u>3,293,802</u>	\$ <u>74,187,553</u>	\$ <u>4,667,938</u>

NOTE 10 - LONG-TERM DEBT OBLIGATIONS (Continued):

	Balance May 1, 2007	_Increases	Decreases	Balance April 30, 2008	Due within One Year
Business-type activities: Bonds Payable: Revenue bonds	\$8,075,000		\$530,000	\$7,545,000	\$555,000
Less: deferred loss on refunded debt	1,683,601	_	187,524	1,496,077	
Total bonds payable	6,391,399	\$ -0-	342,476	6,048,923	555,000
Compensated absences	372,500	15,300		387,800	67,000
Total long-term debt	\$ <u>6,763,899</u>	\$ <u>15,300</u>	\$ <u>342,476</u>	\$ <u>6,436,723</u>	\$ <u>622,000</u>
Component units: Capital lease obligations	\$ <u>2,363,450</u>	\$ <u>-0-</u>	\$ <u>63,264</u>	\$ <u>2,300,186</u>	\$ <u>66,501</u>

Long-term liabilities other than debt typically have been liquidated in the General Fund.

Long-term debt is comprised of the following:

Governmental Activities

General Obligation Bonds

The City has issued several general obligation serial bonds to provide for the costs of the City's various public infrastructure and capital improvement programs. General obligation bonds at April 30, 2008, consist of the following:

\$7,200,000 City of Kankakee serial bonds dated April 1, 1997, \$5,915,000 refunded in April 2004, remaining balance due in annual installments on January 1, of amounts ranging from \$40,000 to \$215,000, through January 2013, plus interest ranging from 4.1% to 5.3%, payable semiannually.

\$ 450,000

\$6,735,000 City of Kankakee serial bonds dated December 15, 1998, due in annual installments on January 1, of amounts ranging from \$125,000 to \$1,610,000, through January 2015, plus interest ranging from 4.2% to 5.0%, payable semiannually.

5,220,000

$\underline{\mathbf{NOTE}\ 10}$ - LONG-TERM DEBT OBLIGATIONS (Continued):

	Governmental <u>Activities</u>
General Obligation Bonds (Continued)	
\$6,785,000 City of Kankakee serial bonds dated February 1, 1999, due in annual installments on January 1, of amounts ranging from \$215,000 to \$640,000, through January 2015, plus interest ranging from 3.8% to 4.8%, payable semiannually.	\$ 3,525,000
\$4,590,000 City of Kankakee serial bonds dated August 15, 2000, due in annual installments on January 1, of amounts ranging from \$25,000 to \$440,000, through January 2025, plus interest ranging from 4.5% to 5.6%, payable semiannually.	2,955,000
\$3,595,000 City of Kankakee serial bonds dated December 1, 2001, due in annual installments on January 1, of amounts ranging from \$80,000 to \$365,000 through January 2015, plus interest ranging from 2.1% to 4.5%, payable semiannually.	2,210,000
\$450,000 City of Kankakee serial bonds dated December 1, 2001, due in annual installments on January 1, of amounts ranging from \$60,000 to \$70,000, through January 2009, plus interest ranging from 3.05% to 3.90%, payable semiannually.	70,000
\$450,000 City of Kankakee serial bonds dated December 1, 2001, due in annual installments on January 1, of amounts ranging from \$60,000 to \$70,000, through January 2009, plus interest ranging from 3.05% to 3.90%, payable semiannually.	70,000
\$3,960,000 City of Kankakee serial bonds dated June 1, 2003, due in annual installments on January 1, of amounts ranging from \$35,000 to \$1,240,000, through January 2014, plus interest ranging from 2.25% to 5.25%, payable semiannually.	3,605,000

<u>NOTE 10</u> - LONG-TERM DEBT OBLIGATIONS (Continued):

General Obligation Bonds (Continued)	Governmental Activities
\$4,860,000 City of Kankakee serial bonds dated June 1, 2003, due in annual installments on January 1, of amounts ranging from \$250,000 to \$490,000, through January 2019, plus interest ranging from 2.25% to 5.25%, payable semiannually.	\$ 4,080,000
\$9,600,000 City of Kankakee serial bonds dated April 1, 2004, due in annual installments on January 1, of amounts ranging from \$130,000 to \$1,820,000, through January 2020, plus interest ranging from 2.0% to 4.0%, payable semiannually.	8,055,000
\$9,160,000 City of Kankakee serial bonds dated February 1, 2006, due in annual installments on January 1 of amounts ranging from \$115,000 to \$815,000, through January 2024 plus interest ranging from 3.0% to 4.35%, payable semiannually.	8,620,000
\$9,555,000 City of Kankakee serial bonds dated September 25, 2006, due in annual installments on January 1 of amounts ranging from \$40,000 to \$1,125,000, through January 2025, plus interest ranging from 3.50% to 5.25%, payable semiannually.	9,410,000
\$5,405,000 City of Kankakee serial bonds dated August 2, 2007, due in annual installments on January 1 of amounts ranging from \$110,000 to \$700,000, through January 2027, plus interest ranging from 4.0% to 5.0%, payable semiannually.	5,405,000
\$1,422,327 City of Kankakee serial bonds dated August 2, 2007, due in annual installments on January 1 of amounts ranging from \$267,496 to \$402,672, through January 2018, plus interest ranging from 4.25% to 4.36%, payable annually.	1,422,327
Total general obligation bonds	55,097,327
Add: Unamortized premium on bond issuance and deferred loss on early retirement of	255 102
bonds, net	355,102
Total bonds payable	\$ <u>55,452,429</u>

NOTE 10 - LONG-TERM DEBT OBLIGATIONS (Continued):

The annual requirements to amortize all short and long-term general obligation bonds outstanding at April 30, 2008, are as follows:

Year Ending	Gov	ernmental Activ	ities
April 30,	<u>Principal</u>	Interest	Total
2009 2010 2011 2012 2013 2014 - 2018 2019 - 2023 2024 - 2027	\$ 3,585,000 3,665,000 3,970,000 4,205,000 5,280,000 20,782,327 8,710,000 4,900,000 \$55,097,327	\$ 2,406,728 2,174,699 2,029,729 1,883,995 1,724,712 5,987,817 2,374,940 478,768 \$19,061,388	\$ 5,991,728 5,839,699 5,999,729 6,088,995 7,004,712 26,770,144 11,084,940 5,378,768
Installment Notes			Governmental Activities
\$262,160 unsecured bank note, dated Dec in 12 semiannual installments of \$24,2 3.23%, through December 16, 2009.			\$ 93,101
\$97,910 bank note, dated September equipment, payable in five annual including interest at 3.30%, through Sep	nstallments of	\$21,593,	20,901
Non-interest bearing \$200,000 loan dated the Illinois Finance Authority for the payable in twenty annual installments on November 1, 2005 through November	purchase of a fi of \$10,000, com	re truck,	170,000
\$2,876,532 general obligation bank note, secured by the full faith, credit and payable in 10 annual installments of \$3 at 4.14%, through January 1, 2018.	resources of t	he City,	2,876,532
\$500,000 Department of Housing and Urban Development Community Development Block Grant (CDBG) Section 108 loan dated February 27, 2008, secured by current and future CDBG funding allocations. The loan is payable in a one time payment of \$500,000 on December 2017, plus interest paid quarterly at a rate 20 basis points above the LIBO rate on the			
first date of each February, May, Augus	si and Proventuel	•	500,000
Total installment notes			\$ <u>3,660,534</u>

NOTE 10 - LONG-TERM DEBT OBLIGATIONS (Continued):

The annual requirements to amortize all long-term installment loans outstanding at April 30, 2008, are as follows:

Year Ending	Governmental Activities		
April 30,	Principal	<u>Interest</u>	Total
2009	\$ 348,938	\$ 99,309	\$ 448,247
2010	301,987	125,094	427,081
2011	264,812	113,752	378,564
2012	275,362	103,202	378,564
2013	286,347	92,217	378,564
2014 - 2018	2,113,088	274,870	2,387,958
2019 - 2023	50,000		50,000
2024 - 2025	20,000		20,000
	\$ <u>3,660,534</u>	\$ <u>808,444</u>	\$ <u>4,468,978</u>

Capital Lease Obligation

The City has entered into a lease agreement as lessee for financing the acquisition of the library building. This lease agreement qualifies as capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments in the appropriate capital asset accounts. The following is a schedule of capital lease obligations and the minimum lease payments.

	Component <u>Units</u>
\$6,422,889 lease, plus interest of \$2,077,111, due	
in monthly installments of \$15,000, including	
interest, through October 2028. Payable from	
Kankakee Public Library Fund, a component	
unit.	\$2,300,186

The following is an analysis of the assets recorded under capital leases at April 30, 2008:

Classes of Property	Cost	Accumulated Depreciation	Net Book Value
Component Units - Library: Buildings	\$ <u>6,422,889</u>	\$ <u>959,034</u>	\$ <u>5,463,855</u>

NOTE 10 - LONG-TERM DEBT OBLIGATIONS (Continued):

Future minimum lease payments for all capital lease obligations:

Year Ending April 30,	Component Librar	
2009 2010 2011 2012 2013 2014 - 2018 2019 - 2023 2024 - 2028	17 17 17 17 90 90	80,000 80,000 80,000 80,000 80,000 00,000 00,000
2029 Total minimum lease payments		75,000 75,000
Less: amount representing interest	(1,3	74,81 <u>4</u>)
Present value of minimum lease payments	\$ <u>2,3</u>	00 <u>.186</u>
Unfunded Employer Pension Contributions		
Cumulative difference between the annual pension cost an contributions funded for the Police Pension Fund	d the	\$ 4,488,227
Cumulative difference between the annual pension cost an contributions funded for the Firefighters' Pension Fund	d the	6,369,363
Total unfunded employer pension contributions due from General Fund	n	\$ <u>10,857,590</u>
Compensated Absences		Business -
	Governmental Activities	
Vested portion of the vacation and sick leave and other employee benefits which are expected to be paid from the governmental funds and enterprise funds	\$ <u>4,217,000</u>	\$387,800

NOTE 10 - LONG-TERM DEBT OBLIGATIONS (Continued):

Revenue Bonds

Details of the revenue bond indebtedness of the City's Enterprise Funds at April 30, 2008, are as follows:

\$7,140,000 Kankakee Municipal Utility serial bonds dated April 1, 1999, due in annual installments on May 1, of amounts ranging from \$215,000 to \$560,000 through May 1, 2018, plus interest at rates ranging from 4.10% to 6.00%, payable semiannually.	\$4,405,000
\$4,270,000 Kankakee Municipal Utility serial bonds dated December 1, 2001, due in annual installments on May 1, of amounts ranging from \$145,000 to \$295,000 through May 1, 2022, plus interest at rates ranging from 2.45%	
to 5.00%, payable semiannually.	3,140,000
Total revenue bonds principal	7,545,000
Less: Deferred loss on early retirement of Sewerage Refunding Revenue Bonds, Series	
1991	<u>1,496,077</u>
Total revenue bonds payable	\$ <u>6,048,923</u>

Debt service on the above revenue bonds payable at April 30, 2008, are as follows:

Year Ending	Kanka	Kankakee Municipal Utility		
<u>April 30,</u>	<u>Principal</u>	<u>Interest</u>	Total	
2009	\$ 555,000	\$ 355,576	\$ 910,576	
2010	580,000	331,535	911,535	
2011	600,000	306,223	906,223	
2012	630,000	279,432	909,432	
2013	655,000	250,773	905,773	
2014 - 2018	3,420,000	753,498	4,173,498	
2019 - 2022	<u>1,105,000</u>	<u> 140,151</u>	1,245,151	
	\$ <u>7,545,000</u>	\$ <u>2,417,188</u>	\$ <u>9,962,188</u>	

NOTE 10 - LONG-TERM DEBT OBLIGATIONS (Continued):

The revenue bond ordinances require that all monies held in the Kankakee Municipal Utility be segregated and restricted in separate special reserve accounts, in the priority indicated by the order of the following:

Account	Amount	Nature of Authorized Expenditures
Operation and maintenance	Sufficient amount to pay reasonable monthly expenses	Paying expenses of maintenance and operation of the system
Bond and interest	Monthly payment of 1/6 of next interest due and 1/12 of next principal due until amount is sufficient to pay current bond and interest payment	Paying principal and interest on bonds
Bond reserve	Monthly payment of 1/24 of the difference between the amount on deposit to the credit of the bond reserve account at the time of delivery of the bonds and the maximum annual debt service	Paying principal and interest on bonds when monies are insufficient in Bond and Interest account. After the account reaches \$913,250 (maximum principal and interest due in any one year), such monthly payments may cease.
Reserve and replacement	\$10,000 per month	Paying costs of extraordinary maintenance, repairs and necessary replacements. After the account accumulates to \$500,000 such monthly payment may cease.
Surplus	Annually, the amount remaining after payment into the above four accounts	Reserve for deficiencies in the other reserves and there after, without any priority among them, for one or more of the following purposes:
		For the purpose of constructing or acquiring repairs, replacements, improvements or extensions to the system; or
		For the purpose of calling and redeeming outstanding bonds which are callable at the time; or
		For the purpose of purchasing outstanding bonds which are not callable at the time at a price not to exceed par and accrued interest to the date of purchase; or
		For the purpose of paying principal of and interest on any subordinate bonds or obligations issued for the purpose of constructing or acquiring repairs, replacements, improvements or extensions to the system; or
		For any other lawful system purpose.

NOTE 10 - LONG-TERM DEBT OBLIGATIONS (Continued):

The Utility met all reserve provisions as required above for the year ended April 30, 2008.

The Kankakee Municipal Utility covenants in the bond ordinance to establish, maintain and collect at all times fees, charges and rates for the use and service of the system, sufficient at all times to pay operating and maintenance costs, to pay the principal of and interest on all revenue bonds of the City which by their terms are payable solely from the revenues, to provide net revenues in each fiscal year in the amount of not less than 120 percent of the current debt service requirement for all outstanding bonds for such fiscal year, and to the extent necessary after the application of the net revenues available pursuant to the rate covenant described in this paragraph, such additional amounts as may be required to provide an adequate depreciation fund, and to provide for the creation and maintenance of the respective accounts described above. "Current Debt Service Requirement" as used in this paragraph means the amount required to be credited under the bond ordinance to the bond and interest account in a given fiscal year. "Revenues" as defined in the bond ordinance and as used in the covenant calculation does not include proceeds from the sale of capacity. During the year ended April 30, 2008, the Kankakee Municipal Utility did comply with this rate covenant. The covenant calculation is included on page 112.

Required Bond Indenture Disclosures

Insurance Coverage - The plant, buildings and contents were insured at April 30, 2008 for \$7,196,000 under the City of Kankakee master policy with the HCC Insurance Company. The Kankakee Municipal Utility is also included on the master umbrella liability policy for the City of Kankakee, Illinois, with the HCC Insurance Company. The April 30, 2008 coverage is as follows:

Property damage	\$ 3,000,000	Per Wrongful Act
Auto liability	1,000,000	Per Wrongful Act
Comprehensive liability	6,000,000	Per Wrongful Act
Annual aggregate coverage	10,000,000	Each Event

Customer and Flow Information - As of April 30, 2008 there were 8,198 customers providing sewer charge revenue as follows:

	Number of Customers	Sewer Charges
Residential and commercial Industrial and institutional	8,162 36	\$2,516,305 4,713,601
Total	<u>8,198</u>	\$ <u>7,229,906</u>

Most of these customers have a water meter; the number of unmetered customers is negligible.

NOTE 10 - LONG-TERM DEBT OBLIGATIONS (Continued):

User Rates - The rates in effect at April 30, 2008 were as follows:

Flow charge (100 cu. ft.)	\$ 2.75
BOD surcharge (lb.)	.40
SS surcharge (lb.)	.40
FOG surcharge (lb.)	.36
Special waste (gal.)	.05
GW contaminated (100 cu. ft.)	7.15
Septage (1,000 gal.)	34.00
Fixed charge (month)	22.00
Leachate (gal.)/City landfill	N/A
Leachate (gal.)/non-City landfill	N/A
IPP charges	5%

Outstanding Bond Issues - 2001 bonds due May 1, 2005 to 2011 are noncallable in advance of maturity. 2001 bonds due May 1, 2012 to 2022 are callable on any date on or after May 1, 2011. 1999 bonds due May 1, 2007 to 2009 are noncallable in advance of maturity. 1999 bonds due May 1, 2010 to 2018 are callable on any date on or after May 1, 2009.

NOTE 11 - PROPERTY TAXES:

Property taxes are levied each year on all taxable real property located in the City. The City must file its tax levy ordinance by the last Tuesday of December of each year. The owner of real property on January 1 (lien date) in any year is liable for taxes of that year. Property taxes are collected by the Kankakee County Collector who remits to the City its share of the collection. Taxes levied for calendar year 2006 were due, payable, and collected in two installments in June and September 2007.

Revenue for property taxes is recognized in the governmental funds in the year for which the taxes are intended to finance and the funds are available. The City considers property tax revenue to be available if it is collected during the current year or within 60 days after year end. Property taxes levied for calendar year 2006 are intended to finance the fiscal year 2008 expenditures. Accordingly, the City recognized revenue during the year ended April 30, 2008 for collections from the calendar year 2006 levy if it was received by June 30, 2008. Property taxes levied for calendar year 2007, which will be collected in fiscal year 2009, are recorded as receivables and deferred revenue as of April 30, 2008. The City and its component units have not deferred property taxes receivable based on the availability criteria at April 30, 2008. The 2008 tax levy, which attaches as an enforceable lien on property as of January 1, 2008, has not been recorded as a receivable as of April 30, 2008, as the tax has not yet been levied by the City and will not be levied until December 2008, and therefore, the levy is not measurable at April 30, 2008.

NOTE 12 - INTERFUND TRANSFERS:

	Fund Transferred To			
Fund Transferred From	General Fund	Nonmajor Governmental	Kankakee Municipal Utility	Total
General Fund		\$ 567,487		\$ 567,487
Capital Projects Fund			\$1,190,720	1,190,720
Kankakee Municipal Utility	\$1,203,928			1,203,928
Nonmajor Governmental Funds	<u>763,635</u>	1,501,763	27,580	2,292,978
	\$ <u>1,967,563</u>	\$ <u>2,069,250</u>	\$ <u>1,218,300</u>	\$ <u>5,255,113</u>

The following paragraphs provide information concerning the various interfund transfers for the year ended April 30, 2008:

The General Fund transferred \$554,684 to the Debt Service Fund to provide for bond and interest retirement.

The General Fund transferred \$12,803 to the Park Fund to cover its fund deficit.

The Capital Projects Fund transferred \$1,190,720 to the Kankakee Municipal Utility to provide for hydro improvement projects.

The Kankakee Municipal Utility Fund transferred \$1,087,928 to the General Fund to provide for payments in arrears to the Debt Service Fund for 1992A General Obligation Bond, provided for by the General Fund.

The Kankakee Municipal Utility transferred \$116,000 to General Fund as payment in lieu of taxes.

The following Tax Increment Financing Districts transferred funds to the Debt Service Fund to provide for bond and interest retirement:

Tax Increment Financing District No. 1	\$462,400
Tax Increment Financing District No. 2	75,460
Tax Increment Financing District No. 4	75,460
Tax Increment Financing District No. 5	126,786
Tax Increment Financing District No. 6	206,425
Tax Increment Financing District No. 7	35,970
Tax Increment Financing District No. 8	512,573

NOTE 12 - INTERFUND TRANSFERS (Continued):

The following Tax Increment Financing Districts transferred funds to the General Fund to provide for the public safety costs incurred on behalf of the District:

Tax Increment Financing District No. 2	\$225,252
Tax Increment Financing District No. 3	212,362
Tax Increment Financing District No. 4	326,021

The Tax Increment Financing District No. 8 Fund transferred \$27,580 to the Kankakee Municipal Utility Fund to provide additional funds for the hydro improvement project.

The General Obligation Bonds, Series 1995 Fund was closed during the year and transferred its excess funds in the amount of \$6,689 to the General Obligation Bonds, Series 2004 Fund.

NOTE 13 - **DEFERRED REVENUE**:

The balance in the deferred revenues at April 30, 2008, is composed of the following elements:

	<u>Unavailable</u>	Unearned
Governmental Funds:		
General Fund:		
Property taxes receivable		\$ 4,055,762
Unexpended grant receipts		118,600
Advance collection of		
licenses and fees		133,214
Nonmajor Governmental Funds:		
Property taxes receivable		7,455,818
Loans receivable net of allowance		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
for uncollectible amounts	\$854,813	
101 411011011011011011	<u> </u>	
Total governmental funds	\$ <u>854,813</u>	\$ <u>11,763,394</u>
Component Units:		
Library Fund:		
Property taxes receivable		\$1,473,190
Special Service Area # 1:		
Property taxes receivable		121,300
Total component units		\$ <u>1,594,490</u>

NOTE 14 - RELATED PARTY TRANSACTIONS:

The following describes transactions between the City and its component units for the year ended April 30, 2008:

From To Amount Purpose

Capital Projects Fund Special Service Area #1 \$473,307 To provide for various repairs and improvements.

NOTE 15 - SEGMENT INFORMATION:

Kankakee Municipal Utility - Accounts for the operation of the City sewer and solid waste systems and the production, transmission and delivery of electric power. The City issues revenue bonds to support its utility activities. The fund financial statements report the Utility as a major fund. All segment report requirements are included in the fund financial statements.

NOTE 16 - FEDERAL PROGRAM AUDITS:

The City participates in a number of federally assisted grant programs, principal of which are the Community Development Block Grant, HOME Grants, Lead-based Paint Hazard Control Program and various other public safety grant programs. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. As of April 30, 2008, significant amounts of grant expenditures have not been audited by the grantors, but the City believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the City.

NOTE 17 - COMMITMENTS:

Operating Leases

In July 1988, the City leased the Kankakee Dam for 60 years from the Illinois Department of Conservation for the purpose of constructing, operating and maintaining the Hydroelectric Plant. The annual lease payment is based on the number of kilowatt hours of electricity produced by the Hydroelectric Plant plus \$1,200 each year. The annual lease payment for the year ended April 30, 2008 was \$1,200.

NOTE 17 - COMMITMENTS (Continued):

Kankakee Municipal Utility entered into a lease agreement with Space Center Chicago, Inc. on October 5, 2001 to lease 34,922 square feet of office and warehouse space. The lease was scheduled to commence on December 15, 2001 and continue for a period of 240 months. The actual commencement date was April 2002. Rent consists of a base amount plus additional rent composed of operating expenses, amortization of tenant improvements and Common Area Maintenance charges. Rent expense for the year ended April 30, 2008 was \$252,690.

Kankakee Municipal Utility entered into a lease agreement with the Village of Manteno on February 20, 2006, to provide the means and use of the City's ability to transport and treat wastewater generated by the Village of Manteno and provide for the compensation by Manteno for the rights to utilize the collection and treatment capacity owned by Kankakee. The Village of Manteno will lease the transport and treatment capacity of 1,000,000 gallons per day, (365,000,000 gallons annually) from the City for a period of 20 years for a sum of \$150,000 per year. In addition, the Village of Manteno will pay \$75,000 annually for the option to lease capacity of an additional 1,000,000 gallons per day of wastewater transport and treatment capacity. This option shall be valid for a period of 5 years from the date of execution of this agreement. The annual lease payment for the year ended April 30, 2008 was \$225,000.

Kankakee Municipal Utility entered into an intergovernmental agreement with the Village of Chebanse on April 5, 2004, to provide sanitary sewer service for the residents of Chebanse. Under this agreement, Chebanse would construct sanitary sewer facilities including service lines, pump stations and the force main line in accordance with IEPA standard policies, procedures and ordinances. At the completion of this construction, the force line will be connected to the City's discharge system. A letter was received from Chebanse on November 12, 2007, indicating they were officially requesting permission to discharge their waste into the pump station. At the time, the intergovernmental agreement was signed; there was no provision for billing. At April 30, 2008, Chebanse was not fully connected. When Chebanse is fully connected, it will be required to design and install a meter to measure flow upon which billing will be based. For the year ended April 30, 2008, the Kankakee Municipal Utility received \$17,358 based upon the number of connections established for the residents of Chebanse.

Construction Commitments

The City has several active construction projects as of April 30, 2008. These projects and the City's commitment with contractors at April 30, 2008 are as follows:

Project	Spent-to-date	Remaining Commitment
Governmental activities:		
Riverfront Trail	\$ 28,985	\$ 25,015
2008 MFT street maintenance	76,522	1,334,662
Public buildings and lighting project	3,603,426	9,280,848
ICRR - Brookmont	116,656	232,579
Northland Industrial Park Roads	266,331	33,928
Butterfield Force Main Extension	_141,738	83,961
	\$ <u>4,233,658</u>	\$ <u>10,990,993</u>
Business-type activities:		
Sanitary sewer extension – Rt. 113	\$105,386	\$394,614
Indian Meadows	435,426	249,490
	\$ <u>540,812</u>	\$ <u>644,104</u>

NOTE 18 - EXPENDITURES AND APPROPRIATIONS:

Excesses of expenditures over appropriations in individual funds for the year ended April 30, 2008 were as follows:

	Expenditures	Appropriations	Excess
Band Fund	\$ 14,000	\$ 13,000	\$ 1,000
Park Fund	48,147	35,000	13,147
Illinois Municipal			
Retirement Fund	628,917	540,000	88,917

NOTE 19 - INVESTMENT IN JOINT VENTURE:

Kankakee River Metropolitan Agency

Effective May 1, 1996, pursuant to a Municipal Joint Sewage Treatment Agency Intergovernmental Agreement, the City of Kankakee and the villages of Aroma Park, Bourbonnais, and Bradley agreed to the establishment of an independent agency with authority to operate the Regional Wastewater Treatment Facility (RWTF), raise revenue and exercise other powers as necessary. The independent agency created is the Kankakee River Metropolitan Agency (KRMA). The agreement requires a seven member board comprised of four persons appointed by the Mayor of the City of Kankakee and one person appointed by the Mayor of each village. A majority of five affirmative votes is required to modify this agreement, modify the methodology or the amount of user charges, approve bond issues or any appropriation in excess of \$50,000 or to change the membership of the Agency. On April 22, 1999, KRMA acquired ownership of the RWTF.

As of April 30, 2008, the City has recorded in the Kankakee Municipal Utility an investment in the joint venture of \$671,345 relative to its investment in KRMA.

Financial statements of KRMA can be obtained from the City's accounting department. Pertinent financial information for the joint venture as of April 30, 2008 is as follows:

Statement of net assets: Current assets Restricted assets and	\$ 888,521
bond issuance costs	2,306,527
Capital assets, net	20,541,210
Total assets	23,736,258
Other liabilities	1,860,956
Long-term liabilities	21,002,138
Total liabilities	22,863,094
Total net assets	\$ <u>873,164</u>

NOTE 19 - INVESTMENT IN JOINT VENTURE (Continued):

Statement of revenues, expenses and

changes in net assets:

Operating revenues \$4,867,261 Operating expenses 5,014,441 Other income (expense) (671,506)

Change in net assets (818,686) Ownership percentage 54.86%

Utility's share of net income (equity interest in joint venture income)

\$ (449,126)

Wi-Fi Kankakee, LLC

Effective May 15, 2006, pursuant to a joint operating agreement, the City and Kankakee Daily Journal (KDJ), a local newspaper company, formed a limited liability company named Wi-Fi Kankakee, LLC (Wi-Fi), with an equal ownership of 50 percentages each for the City and KDJ. The purpose of Wi-Fi is to design, acquire, establish, install, operate, maintain and own a system by which authorized individual users (residents, businesses, visitors) may obtain and use, within the boundaries of the City, wireless access to the internet. The agreement requires each item of Wi-Fi's income, gain, loss, deduction and credit be allocated equally to the City and KDJ.

As of April 30, 2008, the City has recorded in the Kankakee Municipal Utility an investment in joint venture of \$9,225, relative to its investment in Wi-Fi.

Audited financial statements of Wi-Fi were not available. At April 30, 2008, the City has recorded in Kankakee Municipal Utility an equity interest in joint venture income of Wi-Fi in the amount of \$(1,710).

NOTE 20 - RISK MANAGEMENT AND LITIGATION:

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City utilizes conventional outside insurance to cover its exposure to such liabilities and worker's compensation claims with standard retention levels. In addition, a safety committee works at prevention activities to keep risk exposure at a minimum level through employee education and monitoring of risk control activities. All risk management activities are accounted for in the General Fund. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. For insured programs there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

The City Attorney estimates that the amount of actual or potential claims against the City as of April 30, 2008 will not materially affect the financial condition of the City or any of the individual funds. Therefore, the General Fund contains no provision for estimated claims.

NOTE 21 - SALES TAX INCENTIVES:

The City has entered into various sales tax sharing agreements with several retail firms to generate additional revenue for the General Fund. These tax sharing programs are based on the retail firm's willingness to site a purchasing and/or a sales approval office within the boundaries of the City. These agreements provide for rebating a portion of the sales taxes generated on the transactions of the partnering firm conducted within the City. During the fiscal year ended April 30, 2008, \$20,109,951 in sales taxes was rebated under these agreements. At April 30, 2008, the City owed \$6,892,670 in sales tax incentives to various firms which are reflected in accounts payable in the General Fund.

NOTE 22 - RESTATEMENT OF FUND EQUITY/NET ASSETS:

The City has restated fund balance and net assets for its fund financial statements and government-wide financial statements as of May 1, 2007, to correct the overpayment of community oriented policing fees and sewer fees received and recognized as revenues in prior years.

Fund Statements	General Fund	Kankakee Municipal Utility
Fund balance, May 1, 2007, as previously reported	\$ <u>3,244,876</u>	\$ <u>25,901,079</u>
Restated for: Community oriented policing fee Sewer fees	(8,997)	(105,543)
Prior period adjustment	(8,997)	(105,543)
Fund balance, May 1, 2007, restated	\$ <u>3,235,879</u>	\$ <u>25,795,536</u>
Entity-Wide Financial Statements		
	Governmental Activities	Business-Type Activities
Net assets, May 1, 2007, as previously reported	\$ <u>14,898,406</u>	\$ <u>27,400,797</u>
Restated for: Community oriented policing fee Sewer fees	(8,997)	(105,543)
Prior period adjustment	(8,997)	(105,543)
Net assets, May 1, 2007, restated	\$ <u>14,889,409</u>	\$ <u>27,295,254</u>

NOTE 23 – **DEFICIT FUND BALANCE**:

At April 30, 2008, the Tax Increment Financing District No. 1 Fund had a deficit fund balance of \$276,586. This deficit is not in violation of any state law.

NOTE 24 – SUBSEQUENT EVENTS:

On June 2, 2008, the City of Kankakee issued \$6,930,000 General Obligation Bonds, Series 2008 (the Series 2008A Bonds), which mature serially January 1, 2016-2024 at various interest rates.

The flow of funds relative to these bonds are as follows:

Source of Funds:	
Principal amount of bonds	\$7,027,141
Accrued interest	3,167
	\$ <u>7,030,308</u>
Use of funds:	
Deposit to Debt Service Fund	\$ 3,167
Deposit to Capital Projects Fund	6,931,000
Cost of issuance	96,141
	\$ <u>7,030,308</u>

The Series 2008 Bonds will be used to finance various public capital infrastructure improvements including streets, curbs, sidewalks, lights, equipment and the rehabilitation of City-owned buildings.

REQUIRED SUPPLEMENTAL INFORMATION

CITY OF KANKAKEE, ILLINOIS SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL GENERAL FUND

For the year ended April 30, 2008

	Budgeted Amounts			Variance with
	<u>Original</u>	Final	Actual	Final Budget Over (Under)
Revenues:				
Taxes	\$41,273,771	\$41,273,771	\$ 37,591,886	\$ (3,681,885)
Licenses, permits and fees	985,400	985,400	1,070,343	84,943
Charges for services	632,040	632,040	528,359	(103,681)
Fines and penalties	965,000	965,000	537,749	(427,251)
Intergovernmental	380,705	380,705	612,868	232,163
Interest	330,000	330,000	201,602	(128,398)
Miscellaneous	475,475	475,475	87,582	(387,893)
Total revenues	45,042,391	45,042,391	40,630,389	(4,412,002)
Expenditures:				
Current:				
General government	4,927,260	4,927,260	5,805,809	878,549
Public safety	13,499,531	13,499,531	14,035,753	536,222
Public works	2,165,239	2,165,239	2,182,207	16,968
Community development			6,067	6,067
Economic development	23,958,560	23,958,560	20,109,951	(3,848,609)
Debt Service:				
Principal retirement			21,095	21,095
Interest and fiscal charges			498	498
Total expenditures	44,550,590	44,550,590	42,161,380	(2,389,210)
Excess (deficiency) of				
revenues over expenditures	491,801	491,801	(1,530,991)	(2,022,792)
Other financing sources (uses): Transfers:				
From other funds	284,975	284,975	1,967,563	1,682,588
To other funds	(479,301)	(479,301)	(567,487)	(88,186)
Total other financing sources (uses)	(194,326)	(194,326)	1,400,076	1,594,402
Net change in fund balance	\$ 297,475	\$ 297,475	(130,915)	\$ (428,390)
Fund balance, May 1, 2007			3,244,876	
Prior period adjustment			(8,997)	
Fund balance, May 1, 2007, restated			3,235,879	
Fund balance, April 30, 2008			\$ 3,104,964	

CITY OF KANKAKEE, ILLINOIS NOTES TO REQUIRED SUPPLEMENTARY INFORMATION -BUDGETARY COMPARISON SCHEDULE APRIL 30, 2008

NOTE 1 - BUDGETARY ACCOUNTING:

The City adopts annual budgets for the General Fund, Band Fund, Park Fund, Illinois Municipal Retirement Fund, Special Service Area No. 2 and Special Service Area No. 3. For Community Development Agency, Senior Aides, Motor Fuel Tax, and Tax Increment Financing District funds, legally authorized non-appropriated budgets are utilized to control expenditures on a project (or designated purpose) basis and are carried forward each year until the project is completed or the grant award has been expended. No legally adopted budgets are prepared for capital projects funds and debt service funds. Expenditures for capital project funds are controlled on a project basis. Expenditures for debt service funds are controlled through general obligation bonds' indenture provisions. Budgets for enterprise funds serve as a spending guide for the City and do not constitute legally binding limitations.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- 1. Prior to July 1, the City Council's budget committee submits to the City Council a proposed operating budget for the fiscal year which had commenced May 1.
- 2. Public hearings are conducted to obtain taxpayer comments.
- 3. Prior to August 1, the budget is legally enacted through passage of the annual appropriation ordinance. This ordinance places legal restrictions on expenditures at the department level for the General Fund and at the fund level for the Special Revenue Funds. Once approved, the City Council may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.
- 4. Revenues are budgeted by source. Although legal restrictions on expenditures are established at the department level for the General Fund and at the fund level for Special Revenue Funds, effective administrative control over expenditures is maintained through the establishment of more detailed line-item budgets such as personal services, materials and supplies, capital outlay, contractual and debt service. Expenditures are budgeted by fund and department and classified by function, activity and/or program. Management may transfer budgeted amounts between line items within a department in the General Fund and within a fund in the Special Revenue Funds without the approval of the City Council.
- 5. All budgets are adopted on a modified accrual basis. Unencumbered and unexpended appropriations lapse at fiscal year end.

CITY OF KANKAKEE, ILLINOIS SCHEDULE OF FUNDING PROGRESS ILLINOIS MUNICIPAL RETIREMENT FUND April 30, 2008

Actuarial Valuation Date December 31,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2007	\$16,700,977	\$16,228,325	\$ (472,652)	102.91%	\$ 5,448,065	(8.68%)
2006	15,930,997	16,047,139	116,142	99.28%	5,300,924	2.19%
2005	15,029,323	14,644,035	(385,288)	102.63%	5,175,035	(7.45%)
2004	13,670,956	13,269,673	(401,283)	103.02%	5,070,450	(7.91%)
2003	14,944,651	13,991,022	(953,629)	106.82%	5,311,719	(17.95%)
2002	14,741,685	12,766,158	(1,975,527)	115.47%	5,356,081	(36.88%)
2001	15,930,360	12,132,670	(3,797,690)	131.30%	5,440,324	(69.81%)
2000	15,265,055	11,279,991	(3,985,064)	135.33%	5,164,986	(77.16%)
1999	13,723,118	10,299,124	(3,423,994)	133.25%	5,018,601	(68.23%)
1998	11,659,097	9,554,996	(2,104,101)	122.02%	4,984,828	(42.21%)

On a market value basis, the actuarial value of assets as of December 31, 2007 is \$17,854,752. On a market basis, the funded ratio would be 110.02%.

CITY OF KANKAKEE, ILLINOIS SCHEDULE OF FUNDING PROGRESS POLICE PENSION FUND April 30, 2008

Actuarial Valuation Date April 30,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2007	\$12,567,316	\$31,376,263	\$18,808,947	40.05%	\$ 4,189,099	449.00%
2006	11,760,602	30,146,624	18,386,022	39.01%	4,088,956	449.65%
2005	11,178,721	27,683,110	16,504,389	40.38%	3,689,544	447.33%
2004	10,839,066	26,207,141	15,368,075	41.36%	3,697,174	415.67%
2003	10,140,012	24,391,727	14,251,715	41.57%	3,372,609	422.57%
2002	10,452,757	23,056,893	12,604,136	45.33%	3,395,319	371.22%
2001	11,191,083	21,482,299	10,291,216	52.09%	3,195,355	322.07%
2000	12,558,886	19,982,474	7,423,588	62.85%	2,914,227	254.74%
1999	11,120,244	18,817,976	7,697,732	59.09%	2,874,407	267.80%
1998	N/A	N/A	N/A	N/A	N/A	N/A

N/A - Not available

CITY OF KANKAKEE, ILLINOIS SCHEDULE OF FUNDING PROGRESS FIREFIGHTERS' PENSION FUND April 30, 2008

Actuarial Valuation Date April 30,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroli (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2007	\$10,578,956	\$30,541,100	\$19,962,144	34.64%	\$ 3,008,348	663.56%
2006	10,236,367	29,094,938	18,858,571	35.18%	2,866,921	657.80%
2005	10,147,331	27,661,230	17,513,899	36.68%	2,673,932	654.99%
2004	10,431,881	26,119,708	15,687,827	39.94%	2,427,257	646.32%
2003	10,052,187	26,192,190	16,140,003	38.38%	2,352,187	686.17%
2002	10,819,597	25,431,162	14,611,565	42.54%	2,299,154	635.52%
2001	11,450,544	24,296,512	12,845,968	47.13%	2,213,379	580.38%
2000	12,211,206	23,353,668	11,142,462	52.29%	2,244,729	496.38%
1999	10,944,127	22,235,656	11,291,529	49.22%	2,283,580	494.47%
1998	N/A	N/A	N/A	N/A	N/A	N/A

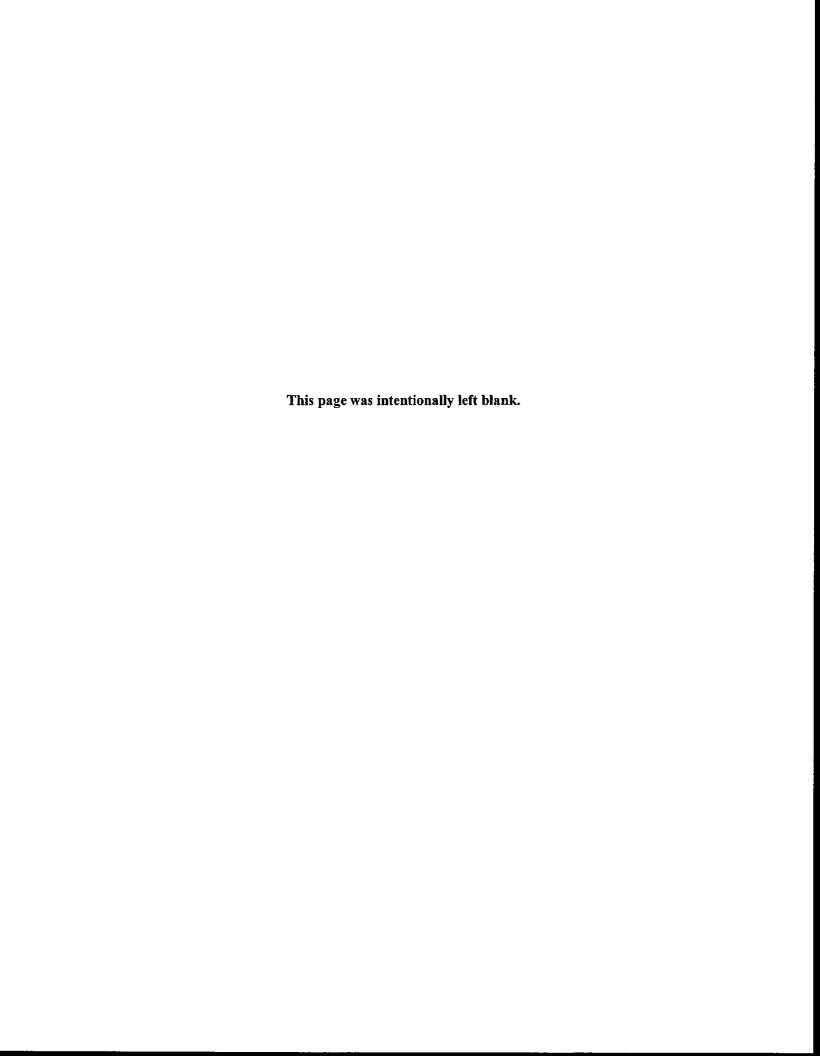
N/A - Not available

CITY OF KANKAKEE, ILLINOIS SCHEDULE OF EMPLOYER CONTRIBUTIONS POLICE PENSION FUND April 30, 2008

Year Ended April 30,	Annual Required Contribution	Actual Contribution	Percentage Contributed
2008	\$1,234,017	\$1,234,017	100.00%
2007	1,104,725	1,104,725	100.00%
2006	1,035,423	1,035,423	100.00%
2005	954,929	954,259	99.93%
2004	856,688	856,688	100.00%
2003	701,806	701,806	100.00%
2002	536,964	536,964	100.00%
2001	540,496	538,428	99.62%
2000	465,000	535,942	115.26%
1999	692,127	283,916	41.02%

CITY OF KANKAKEE, ILLINOIS SCHEDULE OF EMPLOYER CONTRIBUTIONS FIREFIGHTERS' PENSION FUND April 30, 2008

Year Ended April 30,	Annual Required Contribution	Actual Contribution	Percentage Contributed
2008	\$1,303,662	\$1,303,662	100.00%
2007	1,222,675	1,222,675	100.00%
2006	1,082,677	1,082,677	100.00%
2005	1,085,807	1,090,926	100.47%
2004	984,722	984,722	100.00%
2003	874,715	887,458	101.46%
2002	768,601	769,597	100.13%
2001	763,870	763,606	99.97%
2000	700,000	788,888	112.70%
1999	815,979	525,352	64.38%



COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SUPPLEMENT SCHEDULES

CITY OF KANKAKEE, ILLINOIS MAJOR FUNDS

General Fund

Accounts for all financial resources traditionally associated with governments which are not required to be accounted for in another fund.

CITY OF KANKAKEE, ILLINOIS SCHEDULE OF REVENUES AND COMPARISON TO BUDGET GENERAL FUND

For the year ended April 30, 2008 (With comparative totals for 2007)

	Budgeted	l Amounts	2008	2007
	Original	Final	Actual	Actual
Taxes:				
Property taxes	\$ 3,809,818	\$ 3,809,818	\$ 3,738,072	\$ 3,666,708
State income tax	2,390,000	2,390,000	2,531,188	2,317,030
Local use tax	370,000	370,000	385,926	360,37
State replacement income tax	730,000	730,000	844,254	764,97
Illinois sales tax	30,443,953	30,443,953	26,611,558	23,695,01
Utility taxes	3,530,000	3,530,000	3,480,888	3,291,91
Total taxes	41,273,771	41,273,771	37,591,886	34,096,01
Licenses, permits and fees:				
Business licenses	115,000	115,000	114,025	113,77
Other licenses	60,000	60,000	57,323	55,81
Franchise fees	230,000	230,000	278,267	269,92
Ambulance fees	450,000	450,000	457,403	447,97
Community oriented policing fee				458,14
Other permits and fees	130,400	130,400	163,325	184,20
Total licenses, permits and fees	985,400	985,400	1,070,343	1,529,84
Charges for services:				
Kankakee Municipal Utility	113,040	113,040	67,230	62,94
Kankakee River Metropolitan Agency	50,000	50,000	50,000	50,00
Department of Public Works	274,000	274,000	194,783	266,70
Community Development Agency	89,000	89,000	130,600	142,00
Fire Department	84,000	84,000	64,706	67,31
Police Department	22,000	22,000	21,040	22,41
Total charges for services	632,040	632,040	528,359	611,36
Fines and penalties	965,000	965,000	537,749	489,83
Intergovernmental:				
Grants from various governmental agencies	380,705	380,705	612,868	375,52
Interest	330,000	330,000	201,602	351,62
Miscellaneous revenues:				
Foreign fire insurance tax	38,000	38,000	37,220	38,46
Other revenues	437,475	437,475	50,362	65,36
Total miscellaneous revenues	475,475	475,475	87,582	103,83
				\$37,558,04

CITY OF KANKAKEE, ILLINOIS SCHEDULE OF EXPENDITURES AND COMPARISON TO BUDGET GENERAL FUND

For the year ended April 30, 2008 (With comparative totals for 2007)

	Budgetee	d Amounts	2008	2007	
	Original	Final	Actual	Actual	
General city government:					
Council	\$ 122,000	\$ 122,000	\$ 123,450	\$ 116,545	
Mayor	72,310	72,310	83,218	81,197	
Commissions and boards	48,100	48,100	45,184	32,801	
City clerk	109,586	109,586	116,421	116,014	
Adjudication	151,269	151,269	148,552	128,280	
Central services	393,924	393,924	286,072	297,566	
Collection	58,020	58,020	59,320	78,943	
Computer operations	20,150	20,150	112,833	73,648	
Corporate counsel	155,380	155,380	206,333	171,189	
City planning	43,600	43,600	44,480	34,255	
Public buildings and grounds	134,975	134,975	237,212	324,421	
Community promotion	75,100	75,100	79,306	70,717	
Human relations	88,030	88,030	97,425	99,241	
Group insurance	1,523,952	1,523,952	1,640,549	1,376,241	
Liability and workers compensation insurance	1,444,646	1,444,646	1,626,445	1,749,308	
Unemployment tax	20,000	20,000	29,856	40,042	
Transportation support	64,000	64,000	70,398	68,798	
Recycling project	,	,	34,895	, , , , ,	
Other	402,218	402,218	763,860	466,383	
Total general city government	4,927,260	4,927,260	5,805,809	5,325,589	
Public safety - police department:					
Administration and operations	5,148,324	5,148,324	5,488,325	5,192,096	
Training	58,135	58,135	36,418	41,779	
Records	357,266	357,266	257,626	250,459	
Communications	804,796	804,796	773,725	731,284	
Detention and custody	19,000	19,000	148,167	15,484	
Pension contribution	1,234,017	1,234,017	1,234,017	1,104,725	
Total public safety - police department	7,621,538	7,621,538	7,938,278	7,335,827	
Public safety - fire department:					
Administration	584,242	584,242	649,795	599,817	
Training	102,672	102,672	93,960	94,012	
Alarm and communications system	56,747	56,747	49,487	42,522	
Fire prevention	261,470	261,470	245,520	164,578	
Fire fighting force	1,885,288	1,885,288	2,044,673	1,862,298	
Emergency service	900,112	900,112	859,749	886,676	
Foreign fire insurance tax	38,000	38,000	37,220	38,466	
Pension contribution	1,303,662	1,303,662	1,303,662	1,222,675	
Total public safety - fire department	5,132,193	5,132,193	5,284,066	4,911,044	

CITY OF KANKAKEE, ILLINOIS SCHEDULE OF EXPENDITURES AND COMPARISON TO BUDGET GENERAL FUND

(Continued)

For the year ended April 30, 2008 (With comparative totals for 2007)

		1 Amounts	2008	2007
	Original	Final	Actual	Actual
Public safety - code enforcement:				
Property maintenance	\$ 515,400	\$ 515,400	\$ 624,634	\$ 499,437
Building safety	208,400	208,400	171,270	155,169
Total public safety - code enforcement	723,800	723,800	795,904	654,606
Public safety:				
Animal control	22,000	22,000	17,505	18,670
Public works:				
Administration	178,340	178,340	200,381	192,158
Streets and alleys	448,032	448,032	310,472	435,278
City garage	329,696	329,696	439,267	394,819
Operations	1,209,171	1,209,171	1,232,087	1,119,010
Total public works	2,165,239	2,165,239	2,182,207	2,141,265
Community development:				
Residential rehabilitation			6,067	138,157
Economic development:				
Sales tax incentives	23,942,310	23,942,310	20,109,951	17,678,395
Other incentives	16,250	16,250		28,324
Total economic development	23,958,560	23,958,560	20,109,951	17,706,719
Debt service:				
Principal retirement			21,095	32,105
Interest and other fixed charges			498	3,375
Total debt service	-0-	-0-	21,593	35,480
Total expenditures	\$44,550,590	\$44,550,590	\$42,161,380	\$38,267,357

CITY OF KANKAKEE, ILLINOIS NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Band Fund

Accounts for the revenues and expenditures related to the City's financial support provided to the Kankakee Municipal Band.

Park Fund

Accounts for the revenues and expenditures necessary to maintain the existing City park facilities.

Illinois Municipal Retirement Fund

Accounts for the expenditures related to the state-administered retirement system which is available to general service employees and which is financed through taxation and contributions from employees, and to the City (employer) FICA, Medicare, and state unemployment taxes, all of which are financed through taxation.

Special Service Area No. 2

Accounts for the revenues and expenditures related to the maintenance and repairs of ornamental street lights in the Riverview Historic District.

Special Service Area No. 3

Accounts for the revenues and expenditures related to the Coachlight Square lighting improvement project which was financed through local borrowing and property taxes.

Special Service Area No. 5

Accounts for the revenues and expenditures of maintenance and repairs related to the street and roadway infrastructure in the East Side Business District.

Community Development Agency

Accounts for the revenues and expenditures of the Community Development Block Grant Program and various other federal grant programs.

Senior Aides Program Fund

Accounts for the federal revenues and related expenditures of the Senior Community Service Employment Program administered by Senior Service America, Inc.

Tax Increment Financing Districts Nos. 1, 2, 3, 4, 5, 6, 7 and 8

TIF Districts No. 1, 2, 3, 4, 5, 6, 7 and 8 are trust funds established to finance redevelopment project costs in connection with various "blighted redevelopment project areas" throughout the City. The project areas are redeveloped through the use of incremental property tax revenues generated by related redevelopment projects.

Motor Fuel Tax Fund

Accounts for the expenditures related to state-approved projects which are financed from the local share of the state gasoline tax as collected and distributed by the State of Illinois.

DEBT SERVICE FUNDS

General Obligations Bonds

Each series of general obligation bonds issued is set apart as an individual fund that is used to account for the accumulation of resources for and the payment of debt principal, interest and related costs of each respective issue.

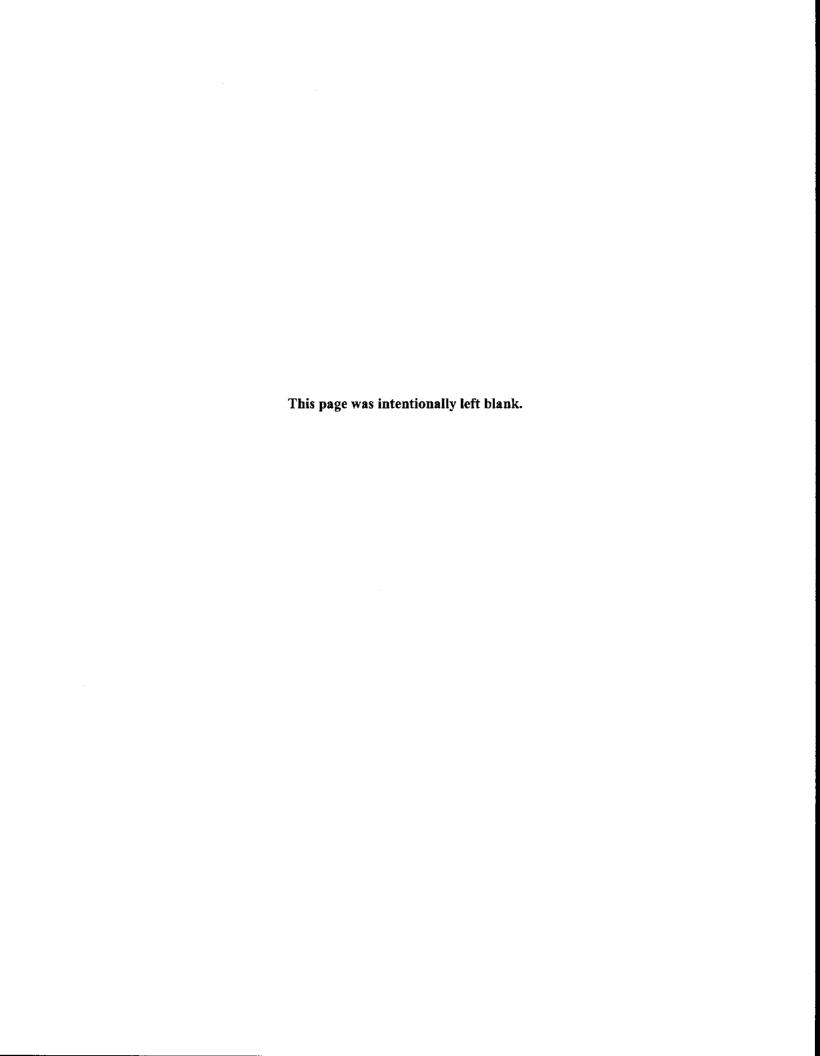
CITY OF KANKAKEE, ILLINOIS COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS April 30, 2008

Assets	Special Revenue Funds	Debt Service Funds	Total Nonmajor Governmental Funds
Cash and investments	\$ 5,961,312	\$ 841,668	\$ 6,802,980
Receivables, less allowance for	<i>ϕ 0,5 01,012</i>	4 0.1,000	• 0,002,500
uncollectible amounts:			
Property taxes	3,719,300	3,736,518	7,455,818
Due from other governmental agencies	321,110		321,110
Due from other funds	253,097	222,167	475,264
Due from component units	6,279		6,279
Accounts receivable	854,922		854,922
Total assets	\$11,116,020	\$ 4,800,353	\$15,916,373
Liabilities			
Accounts payable	\$ 113,680		\$ 113,680
Accrued wages payable	39,585		39,585
Interest payable		\$ 660	660
Due to other funds	2,119,763	127,628	2,247,391
Deferred revenue	4,574,113	3,736,518	8,310,631
Total liabilities	6,847,141	3,864,806	10,711,947
Fund Balance			
Reserved for debt service		935,547	935,547
Reserved for unexpended street			
maintenance programs	116,827		116,827
Reserved for economic			
development	2,422,505		2,422,505
Unreserved, reported in:			
Special Revenue Funds	1,729,547		1,729,547
Total fund balance	4,268,879	935,547	5,204,426
Total liabilities and fund balance	\$11,116,020	\$ 4,800,353	\$15,916,373

CITY OF KANKAKEE, ILLINOIS COMBINING STATEMENT OF REVENUES, EXPENDITURES,

AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS

	Special Revenue Funds	Debt Service Funds	Total Nonmajor Governmental Funds
Revenues:			
Property taxes	\$ 3,445,625	\$ 3,547,046	\$ 6,992,671
Intergovernmental	4,756,268		4,756,268
Interest income	234,451	55,411	289,862
Miscellaneous	6,218		6,218
Total revenues	8,442,562	3,602,457	12,045,019
Expenditures:			
Current:			
General government	982,252		982,252
Highways and streets	1,374,539		1,374,539
Community development	2,244,483		2,244,483
Culture and recreation	62,147		62,147
Economic development	4,092,652		4,092,652
Debt Service:			
Principal retirement	44,221	3,185,000	3,229,221
Interest and fiscal charges	90,019	2,187,313	2,277,332
Total expenditures	8,890,313	5,372,313	14,262,626
Excess (deficiency) of			
revenues over expenditures	(447,751)	(1,769,856)	(2,217,607)
Other financing sources (uses):			
Issuance of bonds	4,200,000		4,200,000
Premium on bonds issued	68,432		68,432
Issuance of long term note	500,000		500,000
Transfers:	•		ŕ
From other funds	12,803	2,056,447	2,069,250
To other funds	(2,286,289)	(6,689)	(2,292,978)
Total other financing sources (uses)	2,494,946	2,049,758	4,544,704
Net change in fund balances	2,047,195	279,902	2,327,097
Fund balance, May 1, 2007	2,221,684	655,645	2,877,329
Fund balance, April 30, 2008	\$ 4,268,879	\$ 935,547	\$ 5,204,426



CITY OF KANKAKEE, ILLINOIS COMBINING BALANCE SHEET NONMAJOR SPECIAL REVENUE FUNDS April 30, 2008

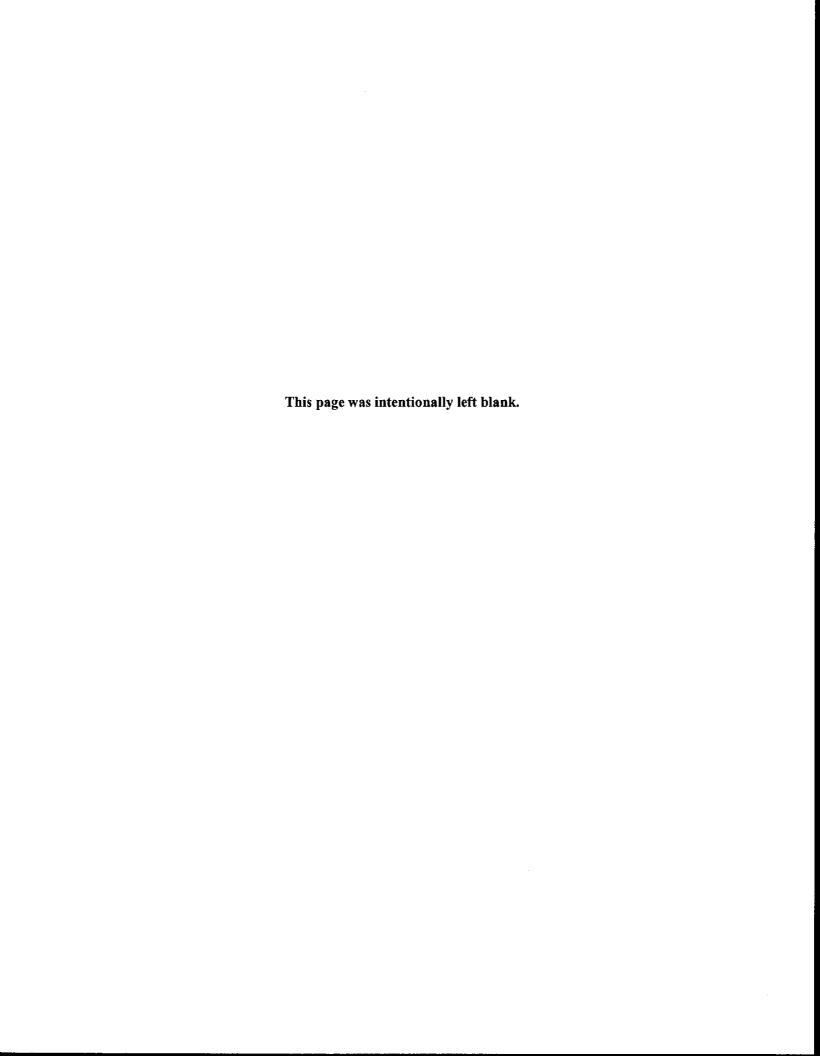
Assets	Band Fund	Park Fund	Illinois Municipal Retirement Fund	Special Service Area No. 2	Special Service Area No. 3
	m 10.071	4 1006	m 222 (20	f 10.642	r 22.402
Cash and investments Receivables, less allowance for uncollectible amounts:	\$ 10,071	\$ 1,996	\$ 333,639	\$ 18,642	\$ 32,403
Property taxes Due from other	13,000	35,000	495,000	3,000	53,000
governmental agencies Due from other funds Due from component units Accounts receivable			9,003 6,279 109		
Total assets	\$ 23,071	\$ 36,996	\$ 844,030	\$ 21,642	\$ 85,403
Liabilities					
Accounts payable					
Accrued wages payable		\$ 1,996	\$ 37,589		
Due to other funds Deferred revenue	e 12.000	25,000	105.000	e 2.000	e 52.000
Deferred revenue	\$ 13,000	35,000	495,000	\$ 3,000	\$ 53,000
Total liabilities	13,000	36,996	532,589	3,000	53,000
Fund Balance					
Reserved for unexpended street maintenance program Reserved for economic					
development					
Unreserved - undesignated	10,071		311,441	18,642	32,403
Total fund balance (deficit)	10,071	-0-	311,441	18,642	32,403
Total liabilities					
and fund balance	\$ 23,071	\$ 36,996	\$ 844,030	\$ 21,642	\$ 85,403

Special Service Area No. 5	Community Development Agency	Senior Aides Program Fund	Motor Fuel Tax Fund	Tax Increment Financing District No. 1 Fund	Tax Increment Financing District No. 2 Fund	Tax Increment Financing District No. 3 Fund	Tax Increment Financing District No. 4 Fund
\$ 15,445	\$ 343,444	\$ 2,535	\$1,489,041	\$ 232,852	\$ 817,476	\$ 455,805	\$ 674,752
15,800				670,400	440,500	421,200	652,500
	132,576	11,178	177,356		244,094		
	556,410						298,403
\$ 31,245	\$1,032,430	\$ 13,713	\$1,666,397	\$ 903,252	\$1,502,070	\$ 877,005	\$1,625,655
	\$ 47,453		\$ 32,311				\$ 1,173
\$ 15,800	203,429 556,410	\$ 11,178	126,801	\$ 509,438 670,400	\$ 225,252 440,500	\$ 212,362 421,200	591,180 950,903
15,800	807,292	11,178	159,112	1,179,838	665,752	633,562	1,543,256
			116,827				
15,445	225,138	2,535	1,390,458	(276,586)	836,318	243,443	82,399
15,445	225,138	2,535	1,507,285	(276,586)	836,318	243,443	82,399
\$ 31,245	\$1,032,430	\$ 13,713	\$1,666,397	\$ 903,252	\$1,502,070	\$ 877,005	\$1,625,655

CITY OF KANKAKEE, ILLINOIS COMBINING BALANCE SHEET NONMAJOR SPECIAL REVENUE FUNDS

(Continued) April 30, 2008

Assets	Tax Increment Financing District No. 5 Fund	Tax Increment Financing District No. 6 Fund	Tax Increment Financing District No. 7 Fund	Tax Increment Financing District No. 8 Fund	Totals
Cash and investments	\$ 73,186	\$ 228,830	\$ 81,866	\$1,149,329	\$ 5,961,312
Receivables, less allowance for uncollectible amounts:	,,	, ,,,,,	,		,
Property taxes Due from other	148,400	258,300	57,200	456,000	3,719,300
governmental agencies					321,110
Due from other funds					253,097
Due from component units					6,279
Accounts receivable					854,922
Total assets	\$ 221,586	\$ 487,130	\$ 139,066	\$1,605,329	\$11,116,020
Liabilities					
Accounts payable				\$ 32,743	\$ 113,680
Accrued wages payable					39,585
Due to other funds	\$ 14,729			225,394	2,119,763
Deferred revenue	148,400	\$ 258,300	\$ 57,200	456,000	4,574,113
Total liabilities	163,129	258,300	57,200	714,137	6,847,141
Fund Balance					
Reserved for unexpended street					
maintenance program					116,827
Reserved for economic					
development	58,457	228,830	81,866	891,192	2,422,505
Unreserved - undesignated					1,729,547
Total fund balance (deficit)	58,457	228,830	81,866	891,192	4,268,879
Total liabilities					
and fund balance	\$ 221,586	\$ 487,130	\$ 139,066	\$1,605,329	\$11,116,020
				=	



CITY OF KANKAKEE, ILLINOIS COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR SPECIAL REVENUE FUNDS

	Band Fund	Park Fund	Illinois Municipal Retirement Fund	Special Service Area No. 2	Special Service Area No. 3
Revenues:					
Property taxes	\$ 14,099	\$ 35,258	\$ 486,575	\$ 3,039	\$ 51,665
Intergovernmental	¥,	, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	4 (33,57)	4 2,027	4 01,000
Interest income	35	86	1,189	7	125
Miscellaneous			,		
Total revenues	14,134	35,344	487,764	3,046	51,790
Expenditures:					
Current:					
General government			628,917		
Highways and streets					
Community development					
Culture and recreation	14,000	48,147			
Economic development					
Debt Service:					
Principal retirement					44,221
Interest and fiscal charges					4,265
Total expenditures	14,000	48,147	628,917	-0-	48,486
Excess (deficiency) of		-			
revenues over expenditures	134	(12,803)	(141,153)	3,046	3,304
Other financing sources (uses): Issuance of bonds					
Premium on bonds issued					
Issuance of long term note					
Transfers:					
From other funds		12,803			
To other funds		,			
Total other financing sources (uses)	-0-	12,803	-0-	-0-	-0-
Net change in fund balances	134		(141,153)	3,046	3,304
Fund balance, May 1, 2007	9,937		452,594	15,596	29,099
Fund balance, April 30, 2008	\$ 10,071	\$ -0-	\$ 311,441	\$ 18,642	\$ 32,403

Specia Service No. :	Area	Community Development Agency	Senior Aides Program Fund	Motor Fuel Tax Fund	Tax Increment Financing District No. 1 Fund	Tax Increment Financing District No. 2 Fund	Tax Increment Financing District No. 3 Fund	Tax Increment Financing District No. 4 Fund
\$ 15,4	408 37	\$ 1,946,263 1,723 6,218	\$ 146,432 39	\$2,663,573 70,323	\$ 618,295 15,396	\$ 426,196 22,114	\$ 373,546 19,587	\$ 593,238 16,885
15,4	1 45	1,954,204	146,471	2,733,896	633,691	448,310	393,133	610,123
		201,951 2,244,483	146,284	1,374,539				
					61,327	3,590	173,202	406,785
		2,761						
	-0-	2,449,195	146,284	1,374,539	61,327	3,590	173,202	406,785
15,4	145	(494,991)	187	1,359,357	572,364	444,720	219,931	203,338
		·						
		500,000						
					(462,400)	(300,712)	(212,362)	(401,481)
	-0-	500,000	-0-	-0-	(462,400)	(300,712)	(212,362)	(401,481)
15,4	4 5	5,009	187	1,359,357	109,964	144,008	7,569	(198,143)
		220,129	2,348	147,928	(386,550)	692,310	235,874	280,542
\$ 15,4	45	\$ 225,138	\$ 2,535	\$1,507,285	\$ (276,586)	\$ 836,318	\$ 243,443	\$ 82,399

CITY OF KANKAKEE, ILLINOIS COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR SPECIAL REVENUE FUNDS

(Continued)

	Tax Increment Financing District No. 5 Fund	Tax Increment Financing District No. 6 Fund	Tax Increment Financing District No. 7 Fund	Tax Increment Financing District No. 8 Fund	Totals
Revenues:					
Property taxes	\$ 150,013	\$ 261,571	\$ 57,938	\$ 358,784	\$ 3,445,625
Intergovernmental					4,756,268
Interest income	1,150	10,561	979	74,215	234,451
Miscellaneous					6,218
Total revenues	151,163	272,132	58,917	432,999	8,442,562
Expenditures:					
Current:					
General government	1,000	1,000	3,100		982,252
Highways and streets					1,374,539
Community development					2,244,483
Culture and recreation					62,147
Economic development				3,447,748	4,092,652
Debt Service:					
Principal retirement					44,221
Interest and fiscal charges				82,993	90,019
Total expenditures	1,000	1,000	3,100	3,530,741	8,890,313
Excess (deficiency) of					
revenues over expenditures	150,163	271,132	55,817	(3,097,742)	(447,751)
Other financing sources (uses): Issuance of bonds Premium on bonds issued				4,200,000 68,432	4,200,000 68,432
Issuance of long term note Transfers:				95,122	500,000
From other funds					12,803
To other funds	(126,786)	(206,425)	(35,970)	(540,153)	(2,286,289)
Total other financing sources (uses)	(126,786)	(206,425)	(35,970)	3,728,279	2,494,946
Net change in fund balances	23,377	64,707	19,847	630,537	2,047,195
Fund balance, May 1, 2007	35,080	164,123	62,019	260,655	2,221,684
Fund balance, April 30, 2008	\$ 58,457	\$ 228,830	\$ 81,866	\$ 891,192	\$ 4,268,879

CITY OF KANKAKEE, ILLINOIS SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

BAND FUND For the year ended April 30, 2008

	Budgeted		Variance with Final Budget Over (Under)		
•	Original	Original Final			
Revenues:					
Property taxes	\$13,000	\$13,000	\$ 14,099	\$	1,099
Interest income			35		35
Total revenues	13,000	13,000	14,134		1,134
Expenditures:					
Current:					
Culture and recreation	13,000	13,000	14,000		1,000
Net change in fund balance	\$ -0-	\$ -0-	134	\$	134
Fund balance, May 1, 2007			9,937		
Fund balance, April 30, 2008			\$ 10,071		

CITY OF KANKAKEE, ILLINOIS SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL PARK FUND

	Budgeted	Amounts		Variance with	
	Original	Final	Actual	Final Budget Over (Under)	
Revenues:					
Property taxes Interest income	\$35,000	\$35,000	\$ 35,258 86	\$ 258 86	
Total revenues	35,000	35,000	35,344	344	
Expenditures:					
Current: Culture and recreation	35,000	35,000	48,147	13,147	
Excess (deficiency) of revenues over expenditures	-0-	-0-	(12,803)	(12,803)	
Other financing sources:					
Transfers from other funds			12,803	12,803	
Net change in fund balance	\$ -0-	\$ -0-	-0-	\$ -0-	
Fund balance, May 1, 2007			-0-		
Fund balance, April 30, 2008			\$ -0-		

CITY OF KANKAKEE, ILLINOIS SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

ILLINOIS MUNICIPAL RETIREMENT FUND

	Budgeted	Amounts		Variance with
	Original	<u>Final</u>	Actual	Final Budget Over (Under)
Revenues:				
Property taxes	\$ 495,000	\$ 495,000	\$ 486,575	\$ (8,425)
Interest income			1,189	1,189
Total revenues	495,000	495,000	487,764	(7,236)
Expenditures:				
Current:				
General government	540,000	540,000	628,917	88,917
Net change in fund balance	\$ (45,000)	\$ (45,000)	(141,153)	\$ (96,153)
Fund balance, May 1, 2007			452,594	
Fund balance, April 30, 2008			\$ 311,441	

CITY OF KANKAKEE, ILLINOIS SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

SPECIAL SERVICE AREA NO. 2

For	the	year	ended	April	30,	2008
-----	-----	------	-------	--------------	-----	------

	Budgeted	Amounts		Variance with
	Original	Final	Actual	Final Budget Over (Under)
Revenues:				
Property taxes	\$ 3,000	\$ 3,000	\$ 3,039	\$ 39
Interest income			7	7
Total revenues	3,000	3,000	3,046	46
Expenditures:				
Current:				
General government	3,000	3,000		(3,000)
Net change in fund balance	\$ -0-	\$ -0-	3,046	\$ 3,046
Fund balance, May 1, 2007			15,596	
Fund balance, April 30, 2008			\$ 18,642	

CITY OF KANKAKEE, ILLINOIS SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL SPECIAL SERVICE AREA NO. 3

	Budgeted Amounts			Variance with	
	Original	<u>Final</u>	Actual	Final Budget Over (Under)	
Revenues:					
Property taxes	\$52,750	\$52,750	\$ 51,665	\$ (1,085)	
Interest income			125	125	
Total revenues	52,750	52,750	51,790	(960)	
Expenditures:					
Current:				(4.000)	
Highways and streets	4,223	4,223		(4,223)	
Debt service:	10.505	40.505	44.221	(4.206)	
Principal retirement	48,527	48,527	44,221	(4,306) 4,265	
Interest and fiscal charges			4,265	4,203	
Total expenditures	52,750	52,750	48,486	(4,264)	
Net change in fund balance	\$ -0-	\$ -0-	3,304	\$ 3,304	
Fund balance, May 1, 2007			29,099		
Fund balance, April 30, 2008			\$ 32,403		

CITY OF KANKAKEE, ILLINOIS COMBINING BALANCE SHEET NONMAJOR DEBT SERVICE FUNDS April 30, 2008

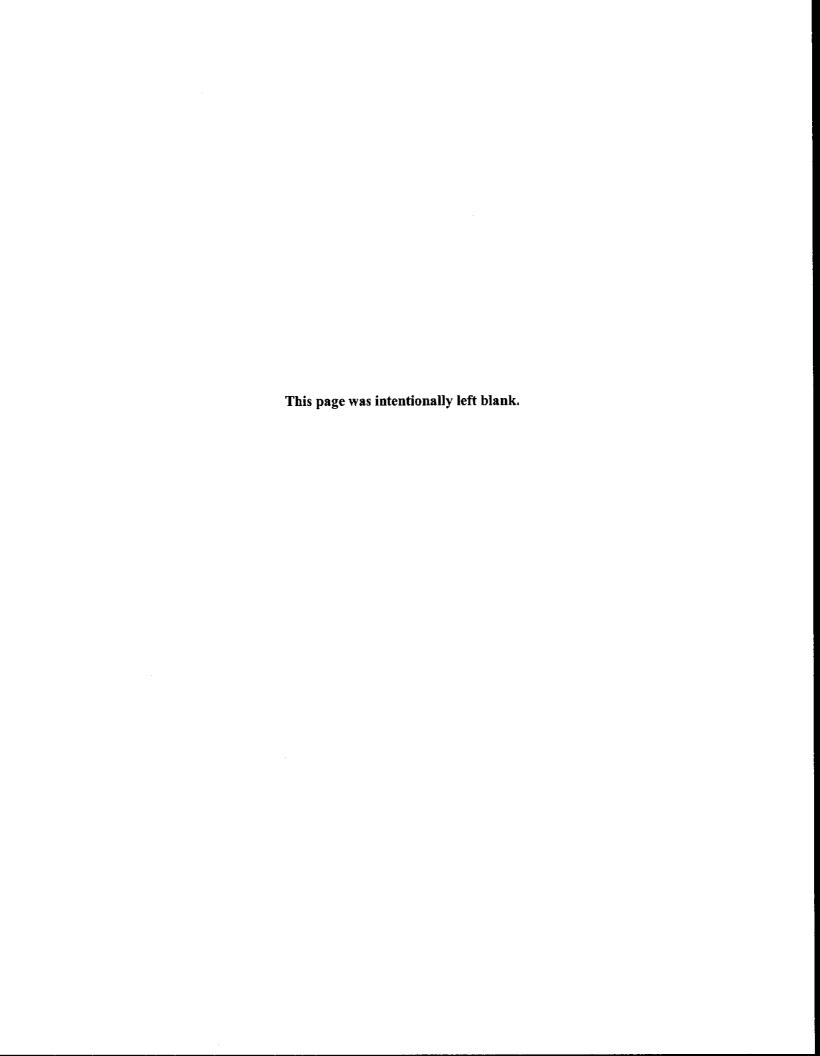
Assets	General Obligation Bonds, Series 1995	General Obligation Bonds, Series 1997	General Obligation Bonds, Series 1998A	General Obligation Bonds, Series 1999
Cash and investments Receivables, less allowance for uncollectible amounts:		\$ 1,660	\$ 107,677	\$ 45,665
Property taxes Due from other funds		63,568	731,358	770,365
Total assets	\$ -0-	\$ 65,228	\$ 839,035	\$ 816,030
Liabilities				
Accrued interest Due to other funds Deferred revenue		\$ 63,568	\$ 731,358	\$ 770,365
Fund Balance				
Reserved for debt service		1,660	107,677	45,665
Total liabilities and fund balance	\$ -0-	\$ 65,228	\$ 839,035	\$ 816,030

General Obligation Bonds, Series 2000A	General Obligation Bonds, Series 2001A	General Obligation Bonds, Series 2001B	General Obligation Bonds, Series 2001C	General Obligation Bonds, Series 2003A	General Obligation Bonds, Series 2003B	General Obligation Bonds, Series 2004
\$ 2,838	\$ 332,327			\$ 20,194	·	\$ 13,294
406,070				351,809		630,653 2,729
\$ 408,908	\$ 332,327	\$ -0-	\$ -0-	\$ 372,003	\$ -0-	\$ 646,676
0.406.070				# 251 900		s 620.653
\$ 406,070				\$ 351,809		\$ 630,653
2,838	\$ 332,327			20,194		16,023
\$ 408,908	\$ 332,327	\$ -0-	\$ -0-	\$ 372,003	\$ -0-	\$ 646,676

CITY OF KANKAKEE, ILLINOIS COMBINING BALANCE SHEET NONMAJOR DEBT SERVICE FUNDS

(Continued) April 30, 2008

	General Obligation Bonds, Series 2005	General Obligation Bonds, Series 2006	General Obligation Bonds, Series	Totals
Assets				
Cash and investments Receivables, less allowance for uncollectible amounts:	\$ 104,979	\$ 212,364	\$ 670	\$ 841,668
Property taxes	512,440	270,255		3,736,518
Due from other funds	312,770	170,233	219,438	222,167
Total assets	\$ 617,419	\$ 482,619	\$ 220,108	\$4,800,353
Liabilities				
Accrued interest Due to other funds Deferred revenue	\$ 512,440	\$ 127,628 270,255	\$ 660	\$ 660 127,628 3,736,518
Fund Balance				
Reserved for debt service	104,979	84,736	219,448	935,547
Total liabilities and fund balance	\$ 617,419	\$ 482,619	\$ 220,108	\$4,800,353



CITY OF KANKAKEE, ILLINOIS COMBINING STATEMENT OF REVENUES, EXPENDITURES,

AND CHANGES IN FUND BALANCES NONMAJOR DEBT SERVICE FUNDS

	General Obligation Bonds, Series 1995	General Obligation Bonds, Series 1997	General Obligation Bonds, Series 1998A	General Obligation Bonds, Series 1999
Revenues:				
Property taxes	\$ 216,226	\$ 64,297	\$ 432,804	\$ 755,012
Interest income	3,080	744	6,758	10,304
Total revenues	219,306	65,041	439,562	765,316
Expenditures:				
Debt service:				
Principal retirement	210,000	40,000	200,000	585,000
Interest and fiscal charges	10,500	25,568	241,358	184,935
Total expenditures	220,500	65,568	441,358	769,935
Excess (deficiency) of				
revenues over expenditures	(1,194)	(527)	(1,796)	(4,619)
Other financing sources (uses): Transfers:				
From other funds				
To other funds	(6,689)			
Total other financing sources (uses)	(6,689)	-0-	-0-	-0-
Net change in fund balance	(7,883)	(527)	(1,796)	(4,619)
Fund balance, May 1, 2007	7,883	2,187	109,473	50,284
Fund balance, April 30, 2008	\$ -0-	\$ 1,660	\$ 107,677	\$ 45,665

General Obligation Bonds, Series 2000A	General Obligation Bonds, Series 2001A	General Obligation Bonds, Series 2001B	General Obligation Bonds, Series 2001C	General Obligation Bonds, Series 2003A	General Obligation Bonds, Series 2003B	General Obligation Bonds, Series 2004
\$ 385,687 4,413 390,100	\$ 7,981 7,981	\$ -0-	\$ -0-	\$ 199,458 3,315 202,773	\$ -0-	\$ 728,995 8,665 737,660
265,000 164,280	285,000 102,653	70,000 5,460	70,000 5,460	200,000 170,431	270,000 192,400	590,000 280,188
(39,180)	387,653	75,460	75,460 (75,460)	(167,658)	462,400 (462,400)	870,188 (132,528)
35,970	387,653	75,460	75,460	167,032	462,400	133,474
35,970	387,653	75,460	75,460	167,032	462,400	133,474
· (3,210)	7,981			(626)		946
6,048	324,346			20,820		15,077
\$ 2,838	\$ 332,327	\$ -0-	\$ -0-	\$ 20,194	\$ -0-	\$ 16,023

CITY OF KANKAKEE, ILLINOIS COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR DEBT SERVICE FUNDS

(Continued)

	General Obligation Bonds, Series 2005	General Obligation Bonds, Series 2006	General Obligation Bonds, Series 2007A	Totals
Revenues:				
Property taxes	\$ 440,558	\$ 324,009		\$3,547,046
Interest income	6,820	3,321	\$ 10	55,411
Total revenues	447,378	327,330	10	3,602,457
Expenditures:				
Debt service:				
Principal retirement	295,000	105,000		3,185,000
Interest and fiscal charges	360,690	443,390		2,187,313
Total expenditures	655,690	548,390	-0-	5,372,313
Excess (deficiency) of				
revenues over expenditures	(208,312)	(221,060)	10	(1,769,856)
Other financing sources (uses): Transfers:				
From other funds	206,425	293,135	219,438	2,056,447
To other funds				(6,689)
Total other financing sources (uses)	206,425	293,135	219,438	2,049,758
Net change in fund balance	(1,887)	72,075	219,448	279,902
Fund balance, May 1, 2007	106,866	12,661		655,645
Fund balance, April 30, 2008	\$ 104,979	\$ 84,736	\$ 219,448	\$ 935,547

CITY OF KANKAKEE, ILLINOIS FIDUCIARY FUNDS

Police Pension Fund

A pension trust which accounts for the police officers' pension fund. Revenue includes City contributions, contributions from participants and investment earnings.

Firefighters' Pension Fund

A pension trust which accounts for the firefighters' pension fund. Revenue includes City contributions, contributions from participants and investment earnings.

CITY OF KANKAKEE, ILLINOIS COMBINING STATEMENT OF FIDUCIARY NET ASSETS PENSION TRUST FUNDS April 30, 2008

	Police Pension Fund	Firefighters' Pension Fund	Totals
Assets			
Cash and short-term investments	\$ 1,972,893	\$ 600,974	\$ 2,573,867
Receivables, less allowance for uncollectible amounts:			
Employee contributions	18,032	11,781	29,813
Interest	61,706	52,177	113,883
Investments, at fair value:			
Open-end mutual funds	1,632,650	1,945,749	3,578,399
Corporate securities	3,075,987	1,665,956	4,741,943
U. S. treasury and agency securities	5,031,803	4,745,803	9,777,606
Corporate bonds		50,912	50,912
Prepaid items		7,463	7,463
Total assets	11,793,071	9,080,815	20,873,886
Liabilities			
Accounts payable	136,392	176,785	313,177
Due to General Fund	ŕ	190	190
Total liabilities	136,392	176,975	313,367
Net Assets			
Net assets held in trust for pension benefits	\$11,656,679	\$ 8,903,840	\$20,560,519

CITY OF KANKAKEE, ILLINOIS COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS PENSION TRUST FUNDS

	Police Pension Fund	Firefighters' Pension Fund	Totals
Additions:			
Contributions:			
Employer	\$ 1,234,018	\$ 1,303,662	\$ 2,537,680
Employee	437,193	314,266	751,459
Total contributions	1,671,211	1,617,928	3,289,139
Investment income:			
Net appreciation (depreciation) in fair value of investments	(144,756)	(28,496)	(173,252)
Interest and dividends	392,790	304,217	697,007
	248,034	275,721	523,755
Less: investment expense	(77,591)	(63,734)	(141,325)
Net investment income	170,443	211,987	382,430
Total additions	1,841,654	1,829,915	3,671,569
Deductions:			
Benefits	1,451,646	2,109,765	3,561,411
Refunds of contributions	42,117	42,020	84,137
Administrative expenses	24,042	49,624	73,666
Total deductions	1,517,805	2,201,409	3,719,214
Net increase (decrease)	323,849	(371,494)	(47,645)
Net assets held in trust for pension benefits: May 1, 2007	11,332,830	9,275,334	20,608,164
April 30, 2008	\$ 11,656,679	\$ 8,903,840	\$ 20,560,519

CITY OF KANKAKEE, ILLINOIS COMPONENT UNITS

Kankakee Public Library

Accounts for the revenues and expenses of the local public library. A majority of the revenues are from a property tax levy approved by the City Council.

Special Service Area #1

Accounts for activities to promote and develop downtown Kankakee. The major source of revenues is from a property tax levy approved by the City Council.

CITY OF KANKAKEE, ILLINOIS DISCRETELY PRESENTED COMPONENT UNIT - KANKAKEE PUBLIC LIBRARY STATEMENT OF NET ASSETS AND GOVERNMENT FUND BALANCE SHEET April 30, 2008

	General Operating	Adjustment	Statement of Net Assets	
Assets				
Cash and investments Receivables, less allowance for uncollectible amounts:	\$ 382,591		\$ 382,591	
Property taxes Capital assets:	1,473,190		1,473,190	
Depreciable (net of accumulated depreciation)		\$ 5,581,092	5,581,092	
Total assets	\$ 1,855,781	\$ 5,581,092	\$ 7,436,873	
Liabilities				
Accounts payable Due to primary government Deferred revenue	\$ 28,952 74,266 1,473,190		\$ 28,952 74,266 1,473,190	
Long-term liabilities: Due within one year Due within more than one year		\$ 66,501 2,233,685	66,501 2,233,685	
Total liabilities	1,576,408	2,300,186	3,876,594	
Fund Balances				
Unreserved - undesignated	279,373	(279,373)	-0	
Net Assets				
Invested in capital assets, net of related debt Unrestricted		3,280,906 279,373	3,280,906 279,373	
Total fund balances/net assets	279,373	3,280,906	3,560,279	
Total liabilities and fund balances/net assets	\$ 1,855,781	\$ 5,581,092	\$ 7,436,873	

CITY OF KANKAKEE, ILLINOIS DISCRETELY PRESENTED COMPONENT UNIT - KANKAKEE PUBLIC LIBRARY STATEMENT OF ACTIVITIES AND GOVERNMENT FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE For the year ended April 30, 2008

	General Operating	Adjustment	Statement of Activities
Revenues:			
Property taxes	\$ 1,229,365		\$ 1,229,365
Fees	136,103		136,103
Intergovernmental	82,342		82,342
Interest	17,793		17,793
Other	28,819		28,819
Total revenues	1,494,422	\$ -0-	1,494,422
Expenditures/expenses:			
Current:			
Culture and recreation	1,288,628	98,900	1,387,528
Debt service:			
Principal retirement	63,264	(63,264)	-0-
Interest and fiscal charges	116,736	•	116,736
Total expenditures/expenses	1,468,628	35,636	1,504,264
Net change in fund balances/net assets	25,794	(35,636)	(9,842)
Fund balances/net assets, May 1, 2007	253,579	3,316,542	3,570,121
Fund balances/net assets, April 30, 2008	\$ 279,373	\$ 3,280,906	\$ 3,560,279

CITY OF KANKAKEE, ILLINOIS DISCRETELY PRESENTED COMPONENT UNIT - SPECIAL SERVICE AREA NO. 1 STATEMENT OF NET ASSETS AND GOVERNMENT FUND BALANCE SHEET April 30, 2008

Assets	General Operating	Adjustment	Statement of Net Assets
Cash and investments Receivables, less allowance for uncollectible amounts: Property taxes Accounts receivable	\$ 295,381 121,300 3,525		\$ 295,381 121,300 3,525
Capital assets: Depreciable (net of accumulated depreciation)	\$ 420,206	\$ 677,912 \$ 677,912	677,912 \$ 1,098,118
Total assets Liabilities	\$ 420,206	\$ 077,912	\$ 1,000,110
Deferred revenue	\$ 121,300		\$ 121,300
Fund Balances			
Unreserved - undesignated	298,906	\$ (298,906)	-0-
Net Assets			
Invested in capital assets, net of related debt Unrestricted		677,912 298,906	677,912 298,906
Total fund balances/net assets	298,906	677,912	976,818
Total liabilities and fund balances/net assets	\$ 420,206	\$ 677,912	\$ 1,098,118

CITY OF KANKAKEE, ILLINOIS DISCRETELY PRESENTED COMPONENT UNIT - SPECIAL SERVICE AREA NO. 1 STATEMENT OF ACTIVITIES AND GOVERNMENT FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE For the year ended April 30, 2008

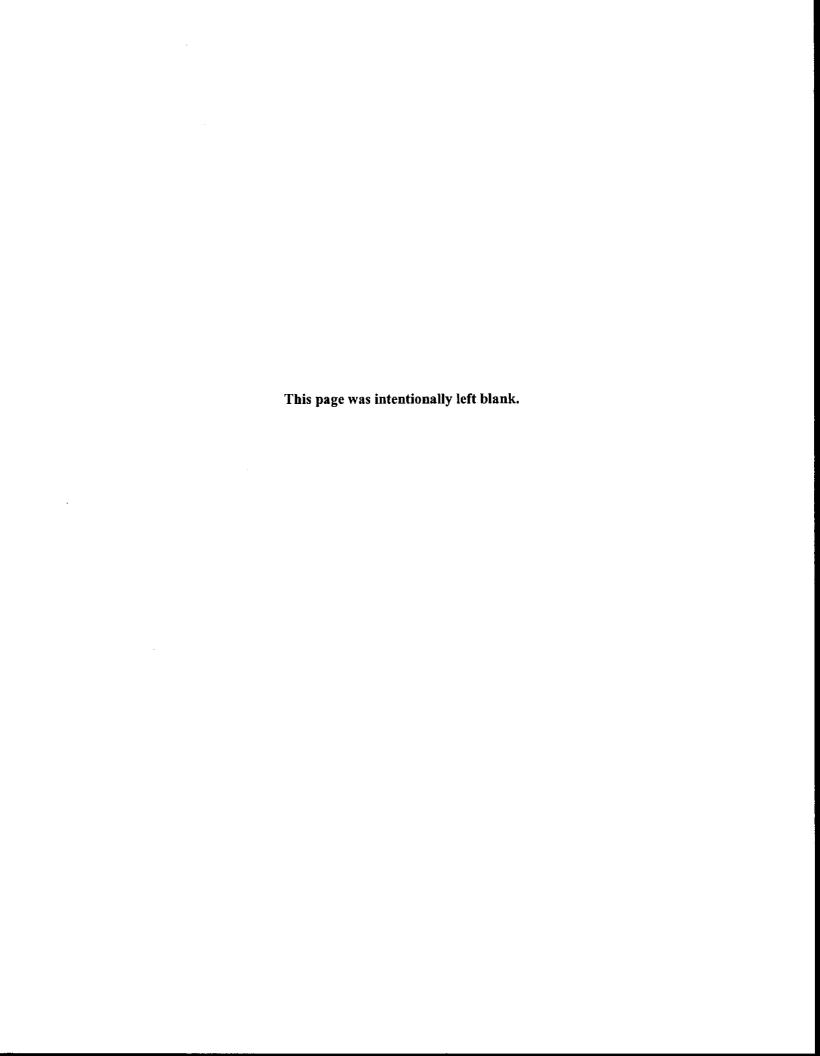
	General Operating	Ac	ljustment		atement of activities
Revenues:					
Property taxes	\$ 114,887			\$	114,887
Interest	7,627				7,627
Other	2,906				2,906
Contribution from primary government	473,307				473,307
Total revenues	 598,727	\$	-0-		598,727
Expenditures/expenses:					
Current:					
General government	 613,617		(516,488)		97,129
Net change in fund balances/net assets	(14,890)		516,488		501,598
Fund balances/net assets, May 1, 2007	 313,796		161,424		475,220
Fund balances/net assets, April 30, 2008	 298,906	\$	677,912	_\$	976,818

CITY OF KANKAKEE, ILLINOIS PROPERTY TAXES RECEIVABLE 2007 LEVY TO BE COLLECTED IN 2008 April 30, 2008

Primary Government: General Fund \$ 4,062,856 \$ 7,094 \$ 4,055,762 \$		Taxes extended	Estimated losses	Estimated net taxes receivable
Special revenue funds: Band Fund 35,728 728 35,000 Park Fund 15,312 2,312 13,000 Illinois Municipal Retirement Fund 495,085 85 495,000 Special Service Area No. 2 3,067 67 3,000 Special Service Area No. 3 53,054 54 53,000 Special Service Area No. 5 15,859 59 15,800 Tax Increment Financing District #1 670,456 56 670,400 Tax Increment Financing District #3 421,203 3 421,200 Tax Increment Financing District #4 652,514 14 652,500 Tax Increment Financing District #5 148,437 37 148,400 Tax Increment Financing District #6 258,341 41 258,300 Tax Increment Financing District #6 258,341 41 258,300 Tax Increment Financing District #6 258,341 41 258,300 Tax Increment Financing District #7 57,222 22 57,200 Tax Increment Financing District #8 456,006 6 456,000 Total special revenue funds 3,722,871 3,571 3,719,300 Debt service funds 3,738,657 2,139 3,736,518 Total Primary Government \$11,524,384 \$12,804 \$11,511,580 Component Units: Library \$1,475,047 \$1,857 \$1,473,190 Special Service Area No. 1 121,328 28 121,300	Primary Government:			
Band Fund 35,728 728 35,000 Park Fund 15,312 2,312 13,000 Illinois Municipal Retirement Fund 495,085 85 495,000 Special Service Area No. 2 3,067 67 3,000 Special Service Area No. 3 53,054 54 53,000 Special Service Area No. 5 15,859 59 15,800 Tax Increment Financing District #1 670,456 56 670,400 Tax Increment Financing District #2 440,587 87 440,500 Tax Increment Financing District #3 421,203 3 421,200 Tax Increment Financing District #4 652,514 14 652,500 Tax Increment Financing District #5 148,437 37 148,400 Tax Increment Financing District #6 258,341 41 258,300 Tax Increment Financing District #8 456,006 6 456,000 Total special revenue funds 3,722,871 3,571 3,719,300 Debt service funds 3,738,657 2,139 3,736,518	General Fund	\$ 4,062,856	\$ 7,094	\$ 4,055,762
Park Fund 15,312 2,312 13,000 Illinois Municipal Retirement Fund 495,085 85 495,000 Special Service Area No. 2 3,067 67 3,000 Special Service Area No. 5 53,054 54 53,000 Special Service Area No. 5 15,859 59 15,800 Tax Increment Financing District #1 670,456 56 670,400 Tax Increment Financing District #2 440,587 87 440,500 Tax Increment Financing District #3 421,203 3 421,200 Tax Increment Financing District #4 652,514 14 652,500 Tax Increment Financing District #5 148,437 37 148,400 Tax Increment Financing District #6 258,341 41 258,300 Tax Increment Financing District #7 57,222 22 57,200 Tax Increment Financing District #8 456,006 6 456,000 Debt service funds 3,738,657 2,139 3,736,518 Component Units: Library \$ 1,475,047 \$ 1,857 <	Special revenue funds:			
Illinois Municipal Retirement Fund 495,085 85 495,000 Special Service Area No. 2 3,067 67 3,000 Special Service Area No. 3 53,054 54 53,000 Special Service Area No. 5 15,859 59 15,800 Tax Increment Financing District #1 670,456 56 670,400 Tax Increment Financing District #2 440,587 87 440,500 Tax Increment Financing District #3 421,203 3 421,200 Tax Increment Financing District #4 652,514 14 652,500 Tax Increment Financing District #5 148,437 37 148,400 Tax Increment Financing District #6 258,341 41 258,300 Tax Increment Financing District #6 258,341 41 258,300 Tax Increment Financing District #7 57,222 22 57,200 Tax Increment Financing District #8 456,006 6 456,000 Total special revenue funds 3,738,657 2,139 3,736,518 Total Primary Government \$11,524,384 \$12,804 \$11,511,580 Component Units: Library \$1,475,047 \$1,857 \$1,473,190 Special Service Area No. 1 121,328 28 121,300 Special Service Area No. 1 121,328 38 121,3	<u>-</u>	35,728	728	35,000
Special Service Area No. 2 3,067 67 3,000 Special Service Area No. 3 53,054 54 53,000 Special Service Area No. 5 15,859 59 15,800 Tax Increment Financing District #1 670,456 56 670,400 Tax Increment Financing District #2 440,587 87 440,500 Tax Increment Financing District #3 421,203 3 421,200 Tax Increment Financing District #4 652,514 14 652,500 Tax Increment Financing District #5 148,437 37 148,400 Tax Increment Financing District #6 258,341 41 258,300 Tax Increment Financing District #7 57,222 22 57,200 Tax Increment Financing District #8 456,006 6 456,000 Total special revenue funds 3,732,8657 2,139 3,736,518 Total Primary Government \$ 11,524,384 \$ 12,804 \$ 11,511,580 Component Units: Library \$ 1,475,047 \$ 1,857 \$ 1,473,190 Special Service Area No. 1 121,32	Park Fund	15,312	2,312	13,000
Special Service Area No. 3 53,054 54 53,000	Illinois Municipal Retirement Fund	495,085	85	495,000
Special Service Area No. 5 15,859 59 15,800 Tax Increment Financing District #1 670,456 56 670,400 Tax Increment Financing District #2 440,587 87 440,500 Tax Increment Financing District #3 421,203 3 421,200 Tax Increment Financing District #4 652,514 14 652,500 Tax Increment Financing District #5 148,437 37 148,400 Tax Increment Financing District #6 258,341 41 258,300 Tax Increment Financing District #7 57,222 22 57,200 Tax Increment Financing District #8 456,006 6 456,000 Total special revenue funds 3,732,871 3,571 3,719,300 Debt service funds 3,738,657 2,139 3,736,518 Component Units: \$11,524,384 \$12,804 \$11,511,580 Component Units: \$1,475,047 \$1,857 \$1,473,190 Special Service Area No. 1 121,328 28 121,300	Special Service Area No. 2	3,067	67	3,000
Tax Increment Financing District #1 670,456 56 670,400 Tax Increment Financing District #2 440,587 87 440,500 Tax Increment Financing District #3 421,203 3 421,200 Tax Increment Financing District #4 652,514 14 652,500 Tax Increment Financing District #5 148,437 37 148,400 Tax Increment Financing District #6 258,341 41 258,300 Tax Increment Financing District #7 57,222 22 57,200 Tax Increment Financing District #8 456,006 6 456,000 Total special revenue funds 3,722,871 3,571 3,719,300 Debt service funds 3,738,657 2,139 3,736,518 Total Primary Government \$11,524,384 \$12,804 \$11,511,580 Component Units: Library \$1,475,047 \$1,857 \$1,473,190 Special Service Area No. 1 121,328 28 121,300	Special Service Area No. 3	53,054	54	53,000
Tax Increment Financing District #2 440,587 87 440,500 Tax Increment Financing District #3 421,203 3 421,200 Tax Increment Financing District #4 652,514 14 652,500 Tax Increment Financing District #5 148,437 37 148,400 Tax Increment Financing District #6 258,341 41 258,300 Tax Increment Financing District #7 57,222 22 57,200 Tax Increment Financing District #8 456,006 6 456,000 Total special revenue funds 3,732,871 3,571 3,719,300 Debt service funds 3,738,657 2,139 3,736,518 Total Primary Government \$11,524,384 \$12,804 \$11,511,580 Component Units: \$1,475,047 \$1,857 \$1,473,190 Special Service Area No. 1 121,328 28 121,300	Special Service Area No. 5	15,859	59	15,800
Tax Increment Financing District #3 421,203 3 421,200 Tax Increment Financing District #4 652,514 14 652,500 Tax Increment Financing District #5 148,437 37 148,400 Tax Increment Financing District #6 258,341 41 258,300 Tax Increment Financing District #7 57,222 22 57,200 Tax Increment Financing District #8 456,006 6 456,000 Total special revenue funds 3,722,871 3,571 3,719,300 Debt service funds 3,738,657 2,139 3,736,518 Total Primary Government \$ 11,524,384 \$ 12,804 \$ 11,511,580 Component Units: \$ 1,475,047 \$ 1,857 \$ 1,473,190 Special Service Area No. 1 121,328 28 121,300	Tax Increment Financing District #1	670,456	56	670,400
Tax Increment Financing District #4 652,514 14 652,500 Tax Increment Financing District #5 148,437 37 148,400 Tax Increment Financing District #6 258,341 41 258,300 Tax Increment Financing District #7 57,222 22 57,200 Tax Increment Financing District #8 456,006 6 456,000 Total special revenue funds 3,722,871 3,571 3,719,300 Debt service funds 3,738,657 2,139 3,736,518 Total Primary Government \$ 11,524,384 \$ 12,804 \$ 11,511,580 Component Units: \$ 1,475,047 \$ 1,857 \$ 1,473,190 Special Service Area No. 1 121,328 28 121,300	_	440,587	87	440,500
Tax Increment Financing District #5 148,437 37 148,400 Tax Increment Financing District #6 258,341 41 258,300 Tax Increment Financing District #7 57,222 22 57,200 Tax Increment Financing District #8 456,006 6 456,000 Total special revenue funds 3,722,871 3,571 3,719,300 Debt service funds 3,738,657 2,139 3,736,518 Total Primary Government \$ 11,524,384 \$ 12,804 \$ 11,511,580 Component Units: Library \$ 1,475,047 \$ 1,857 \$ 1,473,190 Special Service Area No. 1 121,328 28 121,300	Tax Increment Financing District #3	421,203	3	421,200
Tax Increment Financing District #6 258,341 41 258,300 Tax Increment Financing District #7 57,222 22 57,200 Tax Increment Financing District #8 456,006 6 456,000 Total special revenue funds 3,722,871 3,571 3,719,300 Debt service funds 3,738,657 2,139 3,736,518 Total Primary Government \$ 11,524,384 \$ 12,804 \$ 11,511,580 Component Units: Library \$ 1,475,047 \$ 1,857 \$ 1,473,190 Special Service Area No. 1 121,328 28 121,300	Tax Increment Financing District #4	652,514	14	652,500
Tax Increment Financing District #6 258,341 41 258,300 Tax Increment Financing District #7 57,222 22 57,200 Tax Increment Financing District #8 456,006 6 456,000 Total special revenue funds 3,722,871 3,571 3,719,300 Debt service funds 3,738,657 2,139 3,736,518 Total Primary Government \$ 11,524,384 \$ 12,804 \$ 11,511,580 Component Units: Library \$ 1,475,047 \$ 1,857 \$ 1,473,190 Special Service Area No. 1 121,328 28 121,300	Tax Increment Financing District #5	148,437	37	148,400
Tax Increment Financing District #7 57,222 22 57,200 Tax Increment Financing District #8 456,006 6 456,000 Total special revenue funds 3,722,871 3,571 3,719,300 Debt service funds 3,738,657 2,139 3,736,518 Total Primary Government \$ 11,524,384 \$ 12,804 \$ 11,511,580 Component Units: Library Special Service Area No. 1 \$ 1,475,047 \$ 1,857 \$ 1,473,190 Special Service Area No. 1 121,328 28 121,300		258,341	41	258,300
Tax Increment Financing District #8 456,006 6 456,000 Total special revenue funds 3,722,871 3,571 3,719,300 Debt service funds 3,738,657 2,139 3,736,518 Total Primary Government \$ 11,524,384 \$ 12,804 \$ 11,511,580 Component Units: Library Special Service Area No. 1 \$ 1,475,047 \$ 1,857 \$ 1,473,190 Special Service Area No. 1 121,328 28 121,300		-	22	57,200
Debt service funds 3,738,657 2,139 3,736,518 Total Primary Government \$ 11,524,384 \$ 12,804 \$ 11,511,580 Component Units: Library \$ 1,475,047 \$ 1,857 \$ 1,473,190 Special Service Area No. 1 121,328 28 121,300			6	
Total Primary Government \$ 11,524,384 \$ 12,804 \$ 11,511,580 Component Units: Library \$ 1,475,047 \$ 1,857 \$ 1,473,190 Special Service Area No. 1 121,328 28 121,300	Total special revenue funds	3,722,871	3,571	3,719,300
Component Units: Library \$ 1,475,047 \$ 1,857 \$ 1,473,190 Special Service Area No. 1 121,328 28 121,300	Debt service funds	3,738,657	2,139	3,736,518
Library \$ 1,475,047 \$ 1,857 \$ 1,473,190 Special Service Area No. 1 121,328 28 121,300	Total Primary Government	\$ 11,524,384	\$ 12,804	\$ 11,511,580
Library \$ 1,475,047 \$ 1,857 \$ 1,473,190 Special Service Area No. 1 121,328 28 121,300	Component Units:			
Special Service Area No. 1 121,328 28 121,300	•	\$ 1,475,047	\$ 1,857	\$ 1,473,190
Total Component Units \$ 1,596,375 \$ 1,885 \$ 1,594,490			•	
	Total Component Units	\$ 1,596,375	\$ 1,885	\$ 1,594,490

CITY OF KANKAKEE, ILLINOIS PROPRIETARY FUND TYPES KANKAKEE MUNICIPAL UTILITY SCHEDULE OF BOND RATE COVENANT CALCULATION APRIL 30, 2008

Debt service requirements 120% covenant	\$ 907,936 <u>x120</u> %
Total required revenues	\$ <u>1,089,523</u>
Net revenues generated by Kankakee Municipal Utility: Sewer charges Field operations expenses	\$ 7,229,906 (<u>3,713,719</u>)
Net revenues generated	3,516,187
Kankakee Municipal Utility's share of Kankakee River Metropolitan Agency's plant operations expense Other income Interest income	(2,270,926) 55,267 143,514
Total net revenues available	\$ <u>1,444,042</u>
Bond covenant coverage	\$ <u>354,519</u>



CITY OF KANKAKEE, ILLINOIS PROPRIETARY FUND TYPES

KANKAKEE MUNICIPAL UTILITY SCHEDULE OF REVENUE BONDS PAYABLE April 30, 2008

	Series	1999	Serie	s 2001
Date of issue Interest rates Principal redemption date Interest payment dates Original issue Paid to date Balance, April 30, 2008	April 1, 1999 4.1% to 6.0% May 1 May 1 and Novemb \$ 7,140,000 2,735,000 \$ 4,405,000	oer 1	December 1, 2001 2.45% to 5.00% May 1 May 1 and Noven \$ 4,270,000 1,130,000 \$ 3,140,000	
Date as follows:				
Year ending April 30,	Principal	Interest	Principal	Interest
2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022	\$ 385,000 405,000 420,000 440,000 460,000 485,000 505,000 530,000 560,000 215,000	\$ 211,653 194,327 176,103 156,782 136,103 114,022 90,500 65,250 38,750 10,750	\$ 170,000 175,000 180,000 190,000 195,000 205,000 215,000 225,000 235,000 245,000 270,000 285,000 295,000	\$ 143,923 137,208 130,120 122,650 114,670 106,188 97,065 87,498 77,260 66,215 54,455 42,088 28,858 14,750
	\$ 4,405,000	\$ 1,194,240	\$ 3,140,000	\$ 1,222,948

Totals

\$11,410,000 3,865,000

\$ 7,545,000

<u>F</u>	Principal_		Interest	otal Debt Service
\$	555,000	\$	355,576	\$ 910,576
	580,000		331,535	911,535
	600,000		306,223	906,223
	630,000		279,432	909,432
	655,000		250,773	905,773
	690,000		220,210	910,210
	720,000		187,565	907,565
	755,000		152,748	907,748
	795,000		116,010	911,010
	460,000		76,965	536,965
	255,000		54,455	309,455
	270,000		42,088	312,088
	285,000		28,858	313,858
	295,000		14,750	309,750
\$	7,545,000	\$:	2,417,188	\$ 9,962,188

CITY OF KANKAKEE, ILLINOIS SCHEDULE OF GENERAL OBLIGATION BONDS PAYABLE April 30, 2008

	Series 1997	Series 1998A	Series 1999A
Date of issue Interest rates Principal redemption	April 1, 1997 4.1% to 5.3%	December 15, 1998 4.2% to 5.0%	February 1, 1999 3.8% to 4.8%
date Interest payment	January 1	January 1	January 1
dates Original issue	July 1 and January 1 \$ 7,200,000	July 1 and January 1 \$ 6,735,000	July 1 and January 1 \$ 6,785,000
Paid to date	6,750,000	1,515,000	3,260,000
Balance, April 30, 2008	\$ 450,000	\$ 5,220,000	\$ 3,525,000
Due as follows:			
Year ending April 30,	Principal Interest	Principal Interest	Principal Interest
2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027	\$ 40,000 \$ 23,568 45,000 21,528 160,000 19,187 155,000 10,788 50,000 2,650	\$ 500,000 \$ 231,357 600,000 210,357 184,858 184,858 1,085,000 184,858 1,425,000 136,575 1,610,000 72,450	\$ 610,000 \$ 160,365 640,000 134,440 215,000 106,600 250,000 97,032 610,000 85,658 615,000 57,292 585,000 28,080
	\$ 450,000 \$ 77,721	\$5,220,000 \$1,205,313	\$3,525,000 \$ 669,467

Series 2000A	Series 2001A	Series 2001B	Series 2001C
August 15, 2000 4.5% to 5.6%	December 1, 2001 2.10% to 4.5%	December 1, 2001 3.05% to 3.90%	December 1, 2001 3.05% to 3.90%
January 1	January 1	January 1	January 1
July 1 and January 1 \$ 4,590,000 	July 1 and January 1 \$ 3,595,000 	July 1 and January 1 \$ 450,000 380,000	July 1 and January 1 \$ 450,000 380,000
\$ 2,955,000	\$ 2,210,000	\$ 70,000	\$ 70,000
Principal Interest	Principal Interest	Principal Interest	Principal Interest
\$ 290,000 \$ 151,560 310,000 137,640 345,000 122,140 375,000 105,235 405,000 86,485 440,000 65,830 430,000 42,950 25,000 20,160 25,000 18,760 30,000 17,360 30,000 15,680 35,000 14,000 35,000 12,040 40,000 10,080 45,000 7,840 45,000 5,320	\$ 295,000 \$ 91,965 305,000 80,460 320,000 68,260 330,000 55,140 345,000 41,445 360,000 26,955 255,000 11,475	\$ 70,000 \$ 2,730	\$ 70,000 \$ 2,730
\$2,955,000	\$2,210,000 \$ 375,700	\$ 70,000 \$ 2,730	\$ 70,000 \$ 2,730

CITY OF KANKAKEE, ILLINOIS SCHEDULE OF GENERAL OBLIGATION BONDS PAYABLE (Continued) April 30, 2008

	Series 2003A	Series 2003B	Series 2004
Date of issue Interest rates Principal redemption date Interest payment dates Original issue Paid to date Balance, April 30, 2008	June 1, 2003 2.25% to 5.25% January 1 July 1 and January 1 \$ 3,960,000 355,000 \$ 3,605,000	June 1, 2003 2.25% to 5.25% January 1 July 1 and January 1 \$ 4,860,000	April 1, 2004 2.0% to 4.0% January 1 July 1 and January 1 \$ 9,600,000 1,545,000 \$ 8,055,000
Due as follows:			
Year ending April 30,	Principal Interest	Principal Interest	Principal Interest
2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027	\$ 255,000 \$ 164,931 85,000 157,281 425,000 154,519 510,000 140,175 1,090,000 122,325 1,240,000 65,100	\$ 280,000 \$ 184,975 295,000 176,575 310,000 166,989 325,000 156,525 340,000 145,150 360,000 132,825 380,000 113,925 405,000 93,975 435,000 72,712 460,000 49,875 490,000 25,724	\$ 495,000 \$ 265,437 455,000 253,062 1,470,000 240,550 1,520,000 196,450 290,000 147,810 120,000 138,385 135,000 134,425 1,350,000 129,835 1,820,000 81,910 130,000 15,480 130,000 10,605 140,000 5,600
	\$3,605,000 \$ 804,331	\$4,080,000 \$1,319,250	\$8,055,000 \$1,619,549

Series 2005	Series 2006	Series 2007A	Series 2007B
February 1, 2005 3.0% to 4.35%	September 15, 2006 3.5% to 5.25%	August 2, 2007 4.0% to 5.0%	August 2, 2007 4.25% to 4.36%
January 1	January 1	January 1	January 1
July 1 and January 1 \$ 9,160,000 540,000	July 1 and January 1 \$ 9,555,000 145,000	July 1 and January 1 \$5,405,000	July 1 and January 1 \$1,422,327
\$ 8,620,000	\$ 9,410,000	\$ 5,405,000	\$1,422,327
Principal Interest	Principal Interest	Principal Interest	Principal Interest
\$ 380,000 \$ 351,102 350,000 337,803 220,000 323,803 255,000 315,002 520,000 304,803 550,000 284,002 595,000 262,003 635,000 238,202 675,000 212,803 720,000 185,802 755,000 154,843 780,000 124,642 815,000 92,663 500,000 58,840 510,000 37,590 360,000 15,660	\$ 190,000 \$ 439,610 320,000 432,770 260,000 421,090 270,000 411,470 320,000 401,345 335,000 389,505 655,000 376,775 675,000 351,885 375,000 325,898 540,000 311,460 585,000 290,400 645,000 259,688 730,000 222,600 790,000 184,275 880,000 142,800 715,000 96,600 1,125,000 59,063	\$ 110,000 \$ 336,398 260,000 232,783 245,000 221,733 215,000 211,320 225,000 202,183 240,000 192,620 260,000 182,420 265,000 172,020 95,000 161,155 110,000 157,260 125,000 152,750 140,000 147,625 160,000 141,745 170,000 135,025 180,000 127,885 600,000 120,325 635,000 90,325 670,000 58,575 700,000 30,100	\$ 402,672 \$ 147,329 350,125 149,875 267,496 132,504 402,034 227,965
\$8,620,000 \$3,299,563	\$9,410,000 \$5,117,234	\$5,405,000 \$3,074,247	\$1,422,327 \$657,673

CITY OF KANKAKEE, ILLINOIS SCHEDULE OF GENERAL OBLIGATION BONDS PAYABLE (Continued) April 30, 2008

Totals

Original issue Paid to date

\$73,767,327 18,670,000

Balance, April 30, 2008

\$55,097,327

Due as follows:

Year ending April 30,	Principal	Interest	Totals
2009	\$ 3,585,000	\$ 2,406,728	\$ 5,991,728
2010	3,665,000	2,174,699	5,839,699
2011	3,970,000	2,029,729	5,999,729
2012	4,205,000	1,883,995	6,088,995
2013	5,280,000	1,724,712	7,004,712
2014	5,685,000	1,489,089	7,174,089
2015	5,307,672	1,371,832	6,679,504
2016	3,705,125	1,155,952	4,861,077
2017	3,692,496	1,005,742	4,698,238
2018	2,392,034	965,202	3,357,236
2019	2,115,000	650,002	2,765,002
2020	1,740,000	551,555	2,291,555
2021	1,740,000	469,048	2,209,048
2022	1,500,000	388,220	1,888,220
2023	1,615,000	316,115	1,931,115
2024	1,720,000	237,905	1,957,905
2025	1,810,000	152,188	1,962,188
2026	670,000	58,575	728,575
2027	700,000	30,100	730,100
	r	•	ŕ
	\$55,097,327	\$19,061,388	\$74,158,715

STATISTICAL SECTION



STATISTICAL SECTION

The objective of this part of the City of Kankakee's Comprehensive Annual Financial Report is to provide financial statement users with additional historical perspective, context, and detail. It is intended that the information in the financial statements, notes to financial statements, required supplementary information, and the statistical section, taken as a whole, will assist readers in understanding and assessing the City's economic condition.

Con	<u>tents</u>	Page(s)
(A)	Financial Trends These schedules contain trend information that indicates how the City's financial performance has changed over time.	120-124
(B)	Revenue Capacity These schedules provide information on one of the City's most significant local revenue sources, the property tax	125-129
(C)	Debt Capacity These schedules provide information about the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future	130-132
(D)	Demographic and Economic Information These schedules offer demographic and economic indicators about the environment within which the City operates. This information is intended to facilitate comparisons of the City's finances over time and among other cities.	133-134
(E)	Operating Information These schedules contain service and infrastructure data related to the services the City provides and the activities it performs	135-137

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in Fiscal Year 2004; schedules presenting government-wide data include information beginning in that year.

CITY OF KANKAKEE, ILLINOIS NET ASSETS BY COMPONENT (Unaudited) Fiscal Years Ended April 30, 2004 to 2008

(accrual basis of accounting)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental Activities					
Invested in capital assets, net of related debt	\$ 27,487,071	\$ 29,096,617	\$ 32,294,623	\$ 36,908,903	\$ 40,726,527
Restricted	4,925,929	9,436,473	6,921,618	9,774,001	8,859,692
Unrestricted	(28,155,368)	(31,984,966)	(29,004,594)	(31,784,498)	(33,637,769)
Total governmental activities net assets	\$ 4,257,632	\$ 6,548,124	\$ 10,211,647	\$ 14,898,406	\$ 15,948,450
Business-type activities					
Invested in capital assets, net of related debt	\$ 18,455,154	\$ 22,474,636	\$ 22,436,988	\$ 22,019,221	\$ 21,976,063
Restricted	2,199,162	2,219,025	2,826,972	1,736,972	1,117,285
Unrestricted	7,781,854	3,981,605	3,185,388	3,644,604	3,731,388
Total business-type activities net assets	\$ 28,436,170	\$ 28,675,266	\$ 28,449,348	\$ 27,400,797	\$ 26,824,736
Primary government					
Invested in capital assets, net of related debt	\$ 45,942,225	\$ 51,571,253	\$ 54,731,611	\$ 58,928,124	\$ 62,702,590
Restricted	7,125,091	11,655,498	9,748,590	11,510,973	9,976,977
Unrestricted	(20,373,514)	(28,003,361)	(25,819,206)	(28,139,894)	(29,906,381)
Total primary government net assets	\$ 32,693,802	\$ 35,223,390	\$ 38,660,995	\$ 42,299,203	\$ 42,773,186

Source: Audited Financial Statements

CITY OF KANKAKEE, ILLINOIS CHANGE IN NET ASSETS - GOVERNMENTAL ACTIVITIES (Unaudited) Fiscal Years Ended April 30, 2004 to 2008

(accrual basis of accounting)

		2004		<u>2005</u>		<u>2006</u>		<u>2007</u>		<u>2008</u>
Program Revenues										
Charges for services:										
General government	\$	1,576,289	\$	1,379,193	\$	1,128,225	\$	1,176,508	\$	1,217,919
Public safety		860,393		847,569		985,124		995,834		543,149
Public works		269,522		541,321		291,835		266,709		194,783
Community development		77,000		142,000		142,000		142,000		130,600
Operating grants and contributions		2,675,738		4,023,626		2,879,712		2,831,750		3,510,270
Capital grants and contributions		87,975	_	1,061,458	_	1,981,927		2,884,332		6,948,131
Total program revenues		5,546,917	_	7,995,167		7,408,823		8,297,133	_	12,544,852
Expenses										
General government		4,934,200		5,077,821		6,041,575		6,704,948		6,195,531
Public safety		11,337,768		11,660,927		12,471,779		13,115,543		13,629,795
Public works		2,076,822		2,129,150		2,195,201		2,144,431		2,506,822
Highways and streets		915,760		2,601,004		3,311,116		1,708,405		7,201,117
Community development		2,034,246		2,650,184		1,435,082		1,454,627		1,772,396
Culture and recreation		61,092		61,735		58,281		58,677		62,147
Economic development		6,836,280		686,555		1,414,560		462,521		23,484,194
Interest and fiscal charges		2,521,204	_	1,951,802		2,187,496		2,126,330		2,259,401
Total Expenses		30,717,372		26,819,178		29,115,090		27,775,482	_	57,111,403
Net Revenue (Expense)	<u>\$_(</u>	25,170,455)	<u>\$</u>	(18,824,011)	\$	(21,706,267)	<u>\$</u>	(19,478,349)	<u>\$</u>	(44,566,551)
General Revenues and Other Changes in Net			•	0.520.200	æ	0.767.005	•	0.706.004	æ	10 720 742
Property taxes	\$	8,601,168	\$	8,530,300	\$	9,767,005	\$	9,726,004	\$	10,730,743
Illinois retailers' tax, net		4,297,631		5,284,401		6,169,133		6,016,618		26,611,558
Utility taxes		3,243,741		3,314,122		3,349,709		3,291,910		3,480,888 3,761,368
Other taxes		2,422,366		2,691,593		3,114,649		3,442,381 50,000		50,000
Intergovernmental, not restricted to Investment income		781,979		50,000		50,000		857,099		948,823
Gain (loss) on disposal of property and		80,141		160,386		632,342 (40,673)		657,099		940,023
Other		429,885		212,604		211,145		68,771		56,584
Contributions from developers		427,000		665,896		1,645,903		00,771		30,304
Transfers		(316,828)		205,201		858,432		712,325		(14,372)
Total general revenues and other changes	\$	19,540,083	\$	21,114,503	\$	25,757,645	\$	24,165,108	\$	45,625,592
Total change in net assets	\$	(5,630,372)	\$	2,290,492	\$	4,051,378	<u>\$</u>	4,686,759	\$	1,059,041

CITY OF KANKAKEE, ILLINOIS CHANGE IN NET ASSETS - BUSINESS-TYPE ACTIVITIES AND TOTAL PRIMARY GOVERNMENT (Unaudited)

Fiscal Years Ended April 30, 2004 to 2008

(accrual basis of accounting)

		2004		<u>2005</u>		<u>2006</u>		2007		2008
Business-type activities										
Charges for services Operating grants and contributions	\$	7,930,135	\$	8,267,473	\$	8,299,435	\$	8,403,263 52,300	\$	8,836,943 6,832
Total program revenues		7,930,135		8,267,473		8,299,435		8,455,563		8,843,775
Expenses	_	8,757,406	_	9,109,691	_	8,938,116	_	8,944,666	_	9,604,780
Net business-type revenues (expenses)		(827,271)		(842,218)		(638,681)		(489,103)		(761,005)
Other income and changes in net assets -										
Investment income		41,168		53,744		131,951		145,153		143,963
Gain (loss) on disposal of property and		442		459		,		,		,-
Other		1,909,291		192,916		1,690,364		7,724		132,152
Contributions from developers Transfers		2,531,000 316,828		1,039,396 (205,201)		(858,432)		(712,325)		14,372
Total other income and changes in net assets	_	4,798,729		1,081,314	_	963,883		(559,448)	_	290,487
Total change in net assets	<u>\$</u>	3,971,458	\$	239,096	\$	325,202	\$	(1,048,551)	<u>\$</u>	(470,518)
Total Primary Government										
Program revenues Expenses	\$	13,477,052 (39,474,778)	\$	16,262,640 (35,928,869)	\$	15,708,258 (38,053,206)	\$	16,752,696 (36,720,148)	\$	21,388,627 (66,716,183)
Net revenues (expenses)		(25,997,726)		(19,666,229)		(22,344,948)		(19,967,452)		(45,327,556)
General revenues and other changes in net assets		24,338,812	_	22,195,817	_	26,721,528	_	23,605,660	_	45,916,079
Total change in net assets	\$	(1,658,914)	\$	2,529,588	\$	4,376,580	<u>\$</u>	3,638,208	\$	588,523

Source: Audited Financial Statements

CITY OF KANKAKEE, ILLINOIS FUND BALANCES - GOVERNMENTAL FUNDS (Unaudited) Fiscal Years Ended April 30, 2004 to 2008 (accrual basis of accounting)

		·				· · · · · · · · · · · · · · · · · · ·				
		<u>2004</u>		<u>2005</u>		<u>2006</u>		<u>2007</u>		2008
General Fund										
Reserved	\$	408,930	\$	490,374	\$	514,107	\$	598,542	\$	815,008
Unreserved	_	2,216,428		2,086,589		2,565,669	_	2,646,334		2,289,956
Total general fund	<u>\$</u>	2,625,358	\$	2,576,963	\$	3,079,776	\$	3,244,876	\$	3,104,964
All Other Governmental Funds										
Reserved, reported in:										
Capital projects fund	\$	1,556,391	\$	5,934,780	\$	3,514,172	\$	7,379,140	\$	5,384,813
Special revenue funds		1,561,805		2,001,132		2,242,149		1,816,274		2,539,332
Debt service funds		1,828,760		1,500,561		1,175,297		655,645		935,547
Unreserved, reported in:										
Special revenue funds		1,496,164		1,243,111		859,803		405,410		1,729,547
Capital projects funds										
Debt service funds		(21,027)		(33,601)	_			-	_	
Total all other governmental funds	<u>\$</u>	6,422,093	<u>\$</u>	10,645,983	\$	7,791,421	\$	10,256,469	\$	10,589,239
Total, all governmental funds	\$	9,047,451	<u>\$</u>	13,222,946	<u>\$</u>	10,871,197	<u>\$</u>	13,501,345	\$	13,694,203

Source: Audited Financial Statements

CITY OF KANKAKEE, ILLINOIS CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS (Unaudited) Fiscal Years Ended April 30, 2004 to 2008

Fiscal Years Ended April 30, 2004 to 2008 (modified accrual basis of accounting)

	_						
		<u>2004</u>	2005	<u>2006</u>		<u>2007</u>	<u>2008</u>
Revenues							
Taxes	\$	18,526,742	\$ 19,820,416	\$ 22,400,496	\$	22,476,913	\$ 44,584,557
Licenses, fees and permits		1,612,984	1,357,586	1,351,238		1,529,843	1,070,343
Intergovernmental		3,545,692	5,046,428	4,822,805		4,720,311	7,864,970
Charges for services		526,945	900,443	694,259		611,369	528,359
Fines and penalties		693,275	752,054	551,687		489,839	537,749
Investment earnings Other revenues		80,141 407,179	160,387 289,650	632,342 340,889		857,099 200,342	948,823 93,800
Total revenues	\$	25,392,958	\$ 28,326,964	\$ 30,793,716	\$	30,885,716	\$ 55,628,601
Expenditures							
General government	\$	4,696,381	\$ 5,439,767	\$ 6,519,192	\$	7,092,121	\$ 9,050,434
Public safety		11,232,102	11,882,783	12,414,696		13,020,755	14,174,555
Public works		2,141,577	2,020,207	2,154,858		2,141,265	2,709,303
Highways and streets		1,010,531	2,911,035	5,002,391		3,771,328	7,651,226
Community development		2,010,817	2,605,424	1,400,929		1,415,908	2,250,550
Culture and recreation		61,092	61,735	58,281		58,677	62,147
Economic development		4,070,688	686,555	1,414,560		474,577	24,202,603
Debt Service:							
Principal retirement		5,084,904	2,505,770	2,840,533		2,895,181	3,260,316
Interest and fiscal charges		1,907,476	1,997,609	 2,198,457		3,966,046	 2,331,668
Total expenditures	\$	32,215,568	\$ 30,110,885	\$ 34,003,897	\$	34,835,858	\$ 65,692,802
Other Financing Sources (Uses)							
Proceeds from borrowing	\$	16,769,979	\$ 6,355,078		\$	5,813,107	\$ 10,280,428
Proceeds from refunding		8,049,638	3,160,000			4,285,000	
Payments to escrow agent		(7,945,828)	(3,136,096)			(4,371,877)	
Proceeds from disposal of capital assets						141,735	
Transfers in		3,795,281	1,878,041	\$ 2,888,472		4,098,553	4,036,813
Transfers out	_	(7,471,774)	 (1,672,839)	 (2,030,040)		(3,386,228)	 (4,051,185)
Total other financing sources (uses)	\$	13,197,296	\$ 6,584,184	\$ 858,432	<u>S</u>	6,580,290	\$ 10,266,056
Net change in fund balances	\$	6,374,686	\$ 4,800,263	\$ (2,351,749)	\$	2,630,148	\$ 201,855
Capital Outlay (included in expenditures above)	\$	1,408,906	\$ 2,337,829	\$ 3,972,136	\$	4,343,518	\$ 6,688,043
Debt service as a percentage of non-capital		22.7%	16.2%	16.8%		22.5%	9.5%

Source: Audited financial statements

Levy Year	Residential	Commercial	Industrial	Farm	Railroad		luation, <u>Kankakee</u> Actual	Ratio, Assessed/ Actual
2007	\$181,231,972	\$ 79,317,207	\$ 22,242,453	\$ 481,694	\$1,135,044	\$284,408,370	\$853,225,110	33.3%
2006	168,328,634	75,596,355	20,812,689	483,254	1,090,206	266,311,138	798,933,414	33.3%
2005	153,858,874	70,978,107	20,782,574	482,506	1,065,782	247,167,843	741,503,529	33.3%
2004	138,098,922	68,246,503	21,439,393	488,177	1,203,251	229,476,246	688,428,738	33.3%
2003	140,737,615	64,576,073	21,167,724	505,454	1,366,946	228,353,812	685,061,436	33.3%
2002	138,201,636	64,106,550	21,289,432	478,488	1,369,432	225,445,538	676,336,614	33.3%
2001	133,996,738	63,390,332	20,627,505	507,987	1,344,350	219,866,912	659,600,736	33.3%
2000	127,561,655	63,892,456	19,260,964	336,545	1,326,195	212,377,815	637,133,445	33.3%
1999	126,783,784	65,471,979	19,095,750	400,729	1,415,246	213,167,488	639,502,464	33.3%
1998	121,589,519	64,964,830	19,076,955	415,486	1,257,678	207,304,468	621,913,404	33.3%

Source: Office of the Kankakee County Clerk

Note: State law prescribes an assessment ration of 33% of actual value.

CITY OF KANKAKEE, ILLINOIS
PROPERTY TAX RATES - PER \$100 ASSESSED VALUATION, DIRECT AND OVERLAPPING GOVERNMENT (UNAUDITED)
LEVY YEARS 1998 - 2007

LEVY YEAR	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
City Direct Rates	1998	1999	<u>2000</u>	<u>2001</u>	2002	2005	<u>2004</u>	2003	2000	2007
General Fund:										
General Corporate	\$0.230	\$0.224	\$0.000	\$0.000	\$0.010	\$0.010	\$0.010	\$0.009	\$0.009	\$0.008
Fire Protection	0.108	0.105	0.103	0.099	0.108	0.106	0.107	0.098	0.092	0.087
Police Protection	0.083	0.103	0.080	0.076	0.083	0.082	0.082	0.076	0.071	0.067
Firemen's Pension	0.280	0.305	0.303	0.384	0.426	0.473	0.523	0.482	0.510	0.511
Police Pension	0.156	0.170	0.303	0.268	0.342	0.412	0.460	0.461	0.461	0.484
School Crossing Guard	0.130	0.170	0.228	0.012	0.013	0.012	0.013	0.012	0.011	0.010
Liability Insurance	0.013	0.124	0.343	0.012	0.460	0.454	0.455	0.421	0.378	0.371
Audit	0.124	0.124	0.015	0.014	0.400	0.434	0.433	0.015	0.014	0.013
Debt Service	1.189					1.248	1.421	1.377	1.509	1.465
Deat Service	1.109	1.210	1.271	<u>1.370</u>	<u>1.169</u>	1.240	1.421	1.577	1.505	1.405
Total General Fund	<u>\$2.198</u>	<u>\$2.247</u>	<u>\$2.356</u>	<u>\$2.551</u>	<u>\$2.626</u>	\$2.812	<u>\$3.087</u>	<u>\$2.951</u>	<u>\$3.055</u>	<u>\$3.016</u>
Special Revenue Funds										
Civil Defense										
Parks	\$0.020	\$0.020	\$0.020	\$0.019	\$0.018	\$0.017	\$0.017	\$0.016	\$0.015	\$0.014
Band	0.008	0.007	0.007	0.007	0.007	0.007	0.007	0.006	0.006	0.006
IMRF	0.245	0.250	0.259	0.247	0.241	0.238	0.239	0.220	0.207	0.194
Library	0.204	<u>0.204</u>	<u>0.254</u>	<u>0.264</u>	<u>0.276</u>	<u>0.619</u>	<u>0.573</u>	<u>0.542</u>	<u>0.523</u>	<u>0.578</u>
Total Special Revenue Funds	<u>\$0.477</u>	<u>\$0.481</u>	<u>\$0.540</u>	<u>\$0.537</u>	<u>\$0.542</u>	<u>\$0.881</u>	<u>\$0.836</u>	<u>\$0.784</u>	<u>\$0.751</u>	<u>\$0.792</u>
Total City Direct Rate	\$2,675	<u>\$2.728</u>	<u>\$2.896</u>	\$3.088	<u>\$3.168</u>	<u>\$3.693</u>	<u>\$3.923</u>	<u>\$3.735</u>	\$3.8 <u>96</u>	\$3.808
Special District and										
Overlapping Unit Rates										
Special Service Area No 1	\$2.000	\$2.000	\$2.000	\$2.000	\$2.000	\$2.000	\$2,000	\$1.986	\$1.963	\$2.000
Special Service Area No 2	0.055	0.053	0.053	0.051	0.050	0.048	0.047	0.047	0.043	0.041
Special Service Area No 3						1.249	1.198	1.087	1.008	0.947
Special Service Area No 5									0.300	0.300
Kankakee Township (including										
Road & Bridge)	0.602	0.578	0.573	0.559	0.550	0.551	0.536	0.515	0.508	0.494
School District No 111	4.688	4.636	4.667	4.613	4.577	4.620	4.664	4.455	4.320	4.196
Kankakee Valley Airport										
Authority	0.071	0.067	0.061	0.064	0.056	0.051	0.049	0.045	0.043	0.039
Kankakee Valley Park District	0.580	0.576	0.580	0.566	0.564	0,568	0.577	0.549	0.531	0.511
Kankakee County Forest										
Preserve District	0.055	0.056	0.058	0.059	0.060	0.060	0.060	0.058	0.056	0.054
Kankakee County	0.873	0.863	0.881	0.877	0.874	0.881	0.881	0.842	0.833	0.833
Kankakee Community College										
Dist #520	0.209	0.208	0.208	0.238	0.280	<u>0.311</u>	0.304	0.320	0.348	0.381
Total Overlapping Utits	\$9.133	<u>\$9.037</u>	<u>\$9.081</u>	<u>\$9.027</u>	<u>\$9.011</u>	<u>\$10.339</u>	\$10.316	<u>\$9.904</u>	<u>\$9.953</u>	<u>\$9.796</u>
Overall Tax Rate	<u>\$11.808</u>	\$11,765	\$11.977	<u>\$12.115</u>	<u>\$12.179</u>	\$14.032	\$14.239	S13.639	\$13.759	\$13.604

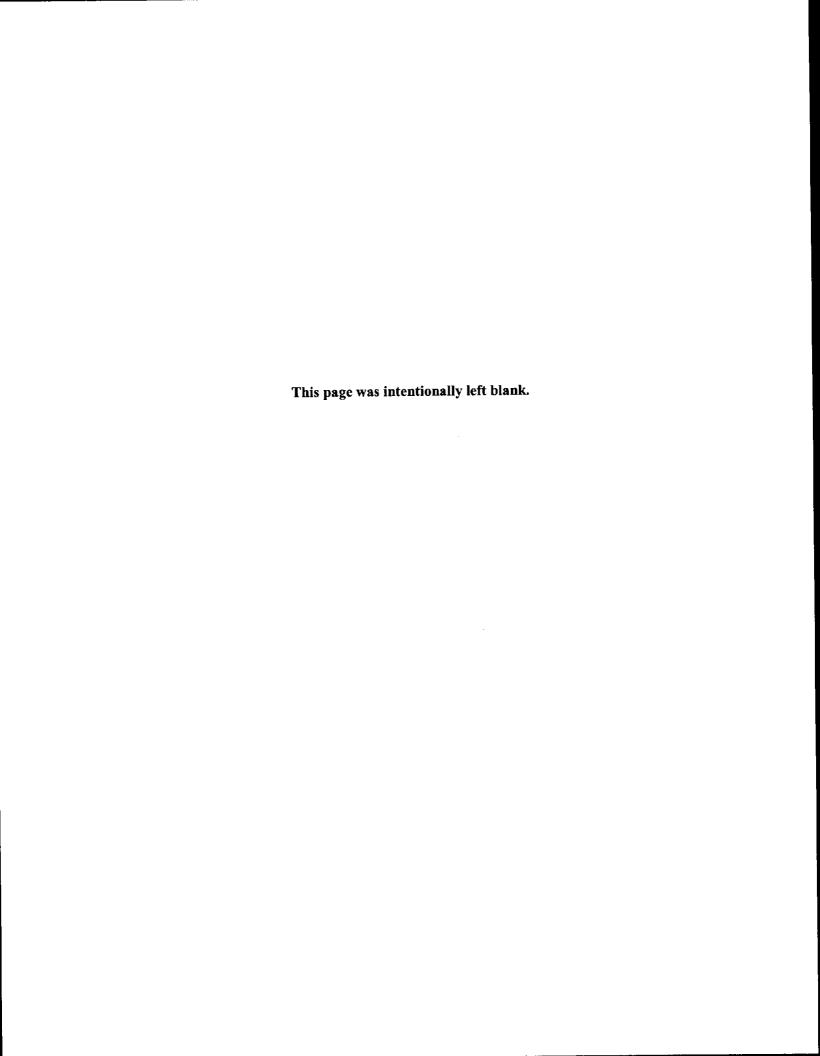
Note: Each taxing unit levies a total dollar amount. The rate is then determined by the County by dividing the levy by the taxable equalized assessed value of the property within each taxing unit's district.

Source: Tax bills for respective years

CITY OF KANKAKEE, ILLINOIS PRINCIPAL PROPERTY TAXPAYERS (UNAUDITED) LEVY YEARS 1998 AND 2007 (10 YEARS PRIOR AND CURRENT LEVY YEARS)

		Levy y	year 199	8		Levy year 2007					
		Taxable Assessed	· · · · · · · · · · · · · · · · · · ·	Percentage of Total City Taxable Assessed		Taxable Assessed		Percentage of Total City Taxable Assessed			
<u>Taxpayer</u>		<u>Value</u>	<u>Rank</u>	<u>Value</u>		<u>Value</u>	Rank	<u>Value</u>			
Cognis Corporation	\$	5,936,194	1	2.86%	\$	7,284,688	1	2.56%			
Great Oak LLC		4,394,225	2	2.12%		3,252,337	2	1.14%			
Armstrong World Industries, Inc.		2,775,764	4	1.34%		2,892,464	3	1.02%			
Riverstone Hotel Partners LLC						2,878,702	4	1.01%			
Riverside Senior Living Center		2,821,979	3	1.36%		2,849,634	5	1.00%			
Riverwoods Association		2,584,353	6	1.25%		2,514,402	6	0.88%			
Space Center Chicago, Inc.		2,665,572	5	1.29%		2,557,311	7	0.90%			
Rohm & Haas (Cor Unum)		1,515,217	8	0.73%		2,152,916	8	0.76%			
Heritage Executive Center, Inc.		1,799,820	9	0.87%		2,116,658	9	0.74%			
Floyd Kohl (Apartments)		1,428,483		0.69%	_	1,898,163	10	0.67%			
Total	\$	25.921.607		12.50%	\$_	30.397.275		10.69%			
Total EAV	<u>\$</u>	207,304,468			<u>\$</u>	284,408,370					

Source: Kankakee County Clerk



CITY OF KANKAKEE, ILLINOIS PROPERTY TAX LEVIES AND COLLECTIONS (UNAUDITED) LEVY YEARS 1998 - 2007

Levy Year	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
EXTENDED LEVIES					
General Fund:					
General Corporate	\$423,242	\$423,379			\$20,556
Fire Protection	198,734	198,459	\$197,441	\$198,468	222,003
Police Protection	152,731	153,097	153,353	152,359	170,613
Firemen's Pension	515,237	576,476	580,823	769,815	875,677
Police Pension	287,061	321,314	437,055	537,266	703,008
School Crossing Guard	23,922	24,571	24,920	24,057	26,723
Liability Insurance	228,176	234,371	657,499	657,550	945,567
Audit	27,602	28,351	28,754	28,066	30,834
Road & Bridge	100,000	100,000	<u>100,000</u>	100,000	100,000
Total General Fund Tax Extensions	1,956,705	2,060,018	2,179,845	2,467,581	3,094,981
Special Revenue Funds					
Parks	36,803	37,802	38,338	38,090	37,000
Band	14,721	13,231	13,418	14,033	14,389
IMRF	450,832	472,521	496,479	495,167	495,395
Library	375,388	385,577	486,894	529,248	567,340
Special Service Area No 1	118,544	117,116	118,376	101,065	113,242
Special Service Area No 2	3,025	3,009	3,009	3,007	3,030
Special Service Area No 3	,	,	,	,	,
Special Service Area No 5	<u> </u>		<u>-</u> _	<u>-</u>	<u>-</u>
Total Special Revenue Funds	999,313	1,029,256	1,156,514	1,180,610	1,230,396
Debt Service Funds	2,187,917	2,287,003	2,436,389	2,746,474	2,402,973
Total Extensions	<u>\$5.143.935</u>	\$5,376,2 <u>77</u>	\$5,772,748	\$6,394,665	\$6,728,350
TOTAL COLLECTIONS					
General Fund	\$1,923,539	\$2,030,902	\$2,156,996	\$2,434,613	\$3,066,754
Park Fund	36,070	37,215	37,846	37,509	36,564
Band Fund	14,428	13,026	13,249	13,821	14,217
IMRF	441,860	465,207	490,109	487,621	489,556
Library Fund	365,000	379,610	480,755	521,315	560,193
Special Service Area No. 1	118,732	108,258	118,518	101,146	112,465
Special Service Area No. 2	3,017	3,008	3,009	3,009	3,031
Special Service Area No. 3	,	•	,	,	•
Debt Service Funds	2,144,371	2,251,606	<u>2,405,125</u>	2,704,603	<u>2,374,663</u>
Total Collected	\$5.047.017	\$5,288,832	\$5,705,607	\$6,303,637	\$6,657,443
Percent of Extensions Collected	<u>98.1%</u>	<u>98.4%</u>	<u>98.8%</u>	98.6%	<u>98.9%</u>

Source: City records

<u>2007</u>	<u>2006</u>	2005	<u>2004</u>	2003
\$20,416	\$21,579	\$20,258	\$20,790	\$20,843
222,023	220,587	220,585	222,449	220,936
170,983	170,235	171,066	170,475	170,913
1,304,064	1,222,818	1,084,918	1,087,296	985,874
1,235,160	1,105,332	1,037,650	956,322	858,731
25,520	26,375	27,010	27,026	31,264
946,786	906,324	947,615	945,927	946,272
33,176	33,568	33,763	33,263	25,012
104,728	105,022	<u>125,782</u>	<u>166,828</u>	109,556
4,062,856	3,811,840	3,668,647	3,630,376	3,369,401
35,728	35,965	36,014	35,342	35,433
15,312	14,386	13,505	14,553	14,590
495,085	496,320	495,191	496,872	496,063
1,475,047	1,253,988	1,219,970	1,191,244	1,290,182
121,328	114,917	113,582	110,346	117,666
3,067	3,039	3,052	3,017	3,050
53,054	52,751	53,047	52,947	52,750
<u>15,859</u>	31,168	<u> </u>		<u> </u>
2,214,480	2,002,534	1,934,361	1,904,321	2,009,734
<u>3,738,657</u>	3,618,103	3,099,444	<u>2,954,203</u>	<u>2,601,206</u>
<u>\$10.015.993</u>	\$ 9.432.477	\$8,702,452	\$8.488.900	<u>\$7,980,341</u>
	#2 74 C 0 4 O	\$2.674.54Q	P2 5 (D 224	T2 254 622
	\$3,746,949	\$3,674,542	\$3,569,334	\$3,354,623
	35,344	36,077	35,135	35,255 14,514
	14,134 487,764	13,525 496,035	14,466 494,002	14,514 493,595
	1,229,365	1,219,360	1,182,348	1,282,830
	, ,	113,667	1,182,348	116,942
	114,887 3,046	3,050	3,003	3,050
	51,790	53,057	51,962	52,407
	3,555,714	3,104,738	2,937,134	2,588,274
	\$9,238,993	\$8,714,05 <u>1</u>	\$8,397,370	<u>\$7.941.490</u>
	<u>97.9%</u>	<u>100.1%</u>	<u>98.9%</u>	<u>99.5%</u>

CITY OF KANKAKEE, ILLINOIS OUTSTANDING DEBT BY TYPE AND LEGAL DEBT MARGIN (Unaudited) Fiscal Years Ended April 30, 1999 to 2008

	G	overnmental Act	tivities		Activities		
Fiscal Year <u>Ended</u>	General Obligation Bonds (A)	Installment Loans (B)	Total Net Direct Debt (A+B=C)	Revenue Bonds (D)	Installment Loans (E)	Total Business type (D+E=F)	Total Primary Government (C+F)
2008	\$55,097,327	\$ 3,660,534	\$ 58,757,861	\$ 7,545,000		\$ 7,545,000	\$ 66,302,861
2007	51,455,000	359,319	51,814,319	8,075,000		8,075,000	59,889,319
2006	50,620,000	444,500	51,064,500	8,585,000		8,585,000	59,649,500
2005	53,110,000	703,023	53,813,023	9,075,000		9,075,000	62,888,023
2004	49,165,000	733,086	49,898,086	9,545,000		9,545,000	59,443,086
2003	34,295,000	2,893,657	37,188,657	7,561,306	\$ 3,931	7,565,237	44,753,894
2002	36,385,000	625,000	37,010,000	7,803,782	10,681	7,814,463	44,824,463
2001	39,640,000	760,000	40,400,000	3,856,259	17,074	3,873,333	44,273,333
2000	36,655,000	885,000	37,540,000	3,928,736	23,101	3,951,837	41,491,837
1999	38,105,000	1,000,000	39,105,000	3,979,267	28,797	4,008,064	43,113,064

COMPUTATION OF LEGAL DEBT MARGIN

The City of Kankakee, Illinois is a "Home Rule" unit as established by the 1970 Illinois Constitution. As a Home Rule Community, no statutory debt limit exists.

Table C - 2

CITY OF KANKAKEE, ILLINOIS RATIOS OF TOTAL NET DIRECT DEBT OUTSTANDING (Unaudited) Fiscal Years Ended April 30, 1999 to 2008

Fiscal Year Ended	Total Net Direct Debt	Direct Debt as Percentage of Personal Income	o	Amount of direct debt per <u>Capita</u>	Debt as a Percentage of EAV	Revenue Coverage, <u>Utility Bonds</u>
2008	\$ 58,757,861	13.8%	\$	2,137	20.7%	1.36
2007	51,455,000	12.1%		1,872	19.3%	1.31
2006	50,620,000	11.9%		1,841	20.5%	0.99
2005	53,110,000	12.5%		1,932	23.1%	0.74
2004	49,165,000	11.6%		1,788	21.5%	0.71
2003	34,295,000	8.1%		1,247	15.2%	0.46
2002	36,385,000	8.6%		1,324	16.5%	1.62
2001	39,640,000	9.3%		1,442	18.7%	2.43
2000	36,655,000	12.8%		1,329	17.2%	3.29
1999	38,105,000	13.4%		1,382	18.4%	1.31

Population and personal income from Table D - 1

Source of revenue coverage calculation: City records

CITY OF KANKAKEE, ILLINOIS STATEMENT OF DIRECT AND OVERLAPPING DEBT (UNAUDITED) April 30, 2008

	Estimate					
	Outstanding	Applicable	to City			
Jurisdiction	<u>Debt</u>	<u>Percent</u>	<u>Amount</u>			
Direct						
City of Kankakee (1)	\$ 51,546,532	100.00% \$	51,546,532			
Overlapping (2)						
Kankakee School District No. 111	26,226,115	67.95%	17,820,645			
Herscher Community Unit School District No. 2	7,900,000	0.23%	18,170			
Kankakee Valley Airport Authority	700,000	37.86%	265,020			
Kankakee Valley Park District	-	67.92%	-			
School District No. 61	1,430,000	4.65%	66,495			
High School District No. 307	3,553,429	1.48%	52,591			
Community Unit School District No. 4 (Clifton)	7,433,794	0.43%	31,965			
Bourbonnais Park District	420,000	1.63%	6,846			
Community College 520	2,700,000	12.16%	328,320			
Kankakee County	7,195,000	14.38% _	1,034,641			
Total Overlapping Debt	57,558,338	-	19,624,693			
Total Net Direct and Overlapping Debt	<u>\$ 109,104,870</u>	9	71,171,225			
2007 Equalized Assessed Valuation (EAV)		•	\$ 284,408,370			
2007 Equalized Assessed Valuation (EAV) 2007 Estimated Full Valuation			\$ 853,225,110			
Population - Current Estimate		•	27,491			
Full Valuation per Capita		9	31,037			
			•			
Debt Ratios						
	%	% Full	Per			
	EAV	<u>Value</u>	<u>Capita</u>			
Net Direct Debt: S 51,546,532	18.12%	6.04%	\$ 1,875			
Net Direct and Overlapping Debt: \$ 71,171,225	25.02%	8.34%				

⁽¹⁾ Net direct debt is exclusive of self-supporting debt

⁽²⁾ Debt Information current to 05/01/08

CITY OF KANKAKEE, ILLINOIS DEMOGRAPHIC AND ECONOMIC STATISTICS (Unaudited) Fiscal Years Ended April 30, 1999 to 2008

Fiscal Year <u>Ended</u>	<u>Population</u>	Per Capita Personal <u>Income</u>	Total Personal <u>Income</u>	Unemployment <u>Rate</u>
2008	27,491	\$ 15,479	\$ 425,533,189	9.4%
2007	27,491	15,479	425,533,189	7.5%
2006	27,491	15,479	425,533,189	7.9%
2005	27,491	15,479	425,533,189	10.1%
2004	27,491	15,479	425,533,189	11.7%
2003	27,491	15,479	425,533,189	12.7%
2002	27,491	15,479	425,533,189	11.9%
2001	27,491	15,479	425,533,189	9.5%
2000	27,575	10,349	285,373,675	8.0%
1999	27,575	10,349	285,373,675	9.0%

CITY OF KANKAKEE, ILLINOIS LARGEST REGIONAL EMPLOYERS (Unaudited) Fiscal Years Ended April 30, 1999 and April 30, 2008

	1999				2008			
Employer	Number of Employees	Rank	% of Total City Population	Number of Employees	Rank	% of Total City Population		
Riverside Healthcare	1,475	1	5.4%	2,100	1	7.6%		
Shapiro Developmental Center	1,375	2	5.1%	1,288	2	4.7%		
St. Mary's Hospital (Provena)	1,000	4	3.7%	1,000	3	3.6%		
CIGNA (Connecticut General Insurance)	400	13	1.5%	900	4	3.3%		
Kankakee School District No. 111	660	6	2.4%	800	5	2.9%		
Baker & Taylor Company	539	9	2.0%	640	6	2.3%		
Sears Logistics Services	725	5	2.7%	633	7	2.3%		
Kankakee County Government	430	11	1.6%	550	8	2.0%		
ZLB Behring	1,050	3	3.9%	550	8	2.0%		
K-Mart Distribution Center	550	7	2.0%	460	9	1.7%		
Olivet Nazarene University			0.0%	400	10	1.5%		
Kankakee Community College	442	10	1.6%	396	11	1.4%		
Armstrong World Industries, Inc.	370	14	1.4%	367	12	1.3%		
City of Kankakee	350	15	1.3%	352	13	1.3%		
Bunge Edible Oils			0.0%	320	14	1.2%		
Nucor Steel			0.0%	304	15	1.1%		
Super K-Mart Store	540	8	2.0%					
Cognis Corporation	415	12	1.5%					
Herscher School District #2	306	16	1.1%					
GNB, Incorporated	295	17	1.1%	_		0.0%		
Total	10,922		<u>40.1</u> %	11,060		<u>40.2</u> %		

Source: Kankakee Regional Chamber of Commerce

CITY OF KANKAKEE, ILLINOIS FULL-TIME EQUIVALENT EMPLOYEES (Unaudited) Fiscal Years Ended April 30, 1999 to 2008

	<u>1999</u>	2000	2001	2002	2003	<u>2004</u>	<u>2005</u>	2006	2007	2008
General Government								4.50	160	160
Mayor and Council	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0
Affirmative Action/Personnel	1.0	1.0	1.0	1.0	1.0	1.0	1.5	1.5	1.5	1.5
Clerk	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Finance/Central Services										
Accounting	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Billing and Collections	6.5	6.5	2.0	2.0	2.0	1.0	1.0	1.5	1.5	1.5
Legal										
Counsel and Legal	1.5	1.5	1.5	1.5	1.5	1.5	2.0	2.0	2.0	2.0
Adjudication	-	2.5	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Senior Aides	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Building Maintenance	2.0	2.0	2.0	3.0	-	-	-	÷	-	-
Public Safety										
Police										=2 0
Officers	74.0	74.0	74.0	74.0	73.0	71.0	70.0	70.0	73.0	73.0
Civilians	24.0	25.0	25.0	25.0	14.0	15.0	15.0	15.0	15.0	15.0
Fire										50 0
Firefighters and Officers	47.0	47.0	50.0	50.0	50.0	50.0	50.0	51.0	52.0	52.0
Civilians	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Code	18.0	18.0	17.0	17.0	17.0	15.0	15.0	16.0	16.0	16.0
Planning	2.0	1.0	1.0	1.0	1.0	-	-	-	-	-
Animal Control	1.0	1.0	1.0	1.0	-	-	-	-	-	-
Engineering	1.0	1.0	1.0	-	-	-	-	-	-	-
Public Works										- 0
Administration	3.0	3.0	3.0	3.0	2.0	2.0	2.0	3.0	3.0	3.0
Garage	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	4.0	4.0
Streets and Alleys	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	19.0	21.0
Parks	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Community Development Agency	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Sewer Utility										
Administration and clerical	7.0	7.0	8.0	7.0	8.0	8.0	7.0	4.0	4.0	4.0
Lab	7.0	6.0	6.0	5.0	6.0	6.0	6.0	6.0	6.0	6.0
Sewer services	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Technical services	4.0	5.0	5.0	4.0	4.0	4.0	4.0	4.0	5.0	5.0
Building maintenance	2.0	2.0	2.0	2.0	3.0	4.0	4.0	4.0	2.0	2.0
Plant operations and maintenance	<u>8.0</u>	8.0	8.0		=					<u> </u>
Total	265.5	268.0	267.0	256.0	242.0	238.0	237.0	237.5	251.5	253.5
Source: City records					_					

CITY OF KANKAKEE, ILLINOIS OPERATING INDICATORS (Unaudited) Fiscal Years Ended April 30, 1999 to April 30, 2008

Function/Program	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	2007	<u>2008</u>
Public Safety										
Police										
Total arrests	3,219	3,059	3,016	3,055	3,039	2,809	2,478	2,633	2,575	3,750
Traffic citations	5,878	6,572	4,939	5,834	5,778	7,670	7,328	3,459	4,265	6,983
Fire										
Fire runs	1,412	1,270	1,585	1,401	1,330	2,232	2,378	2,479	2,643	2,564
Structure fires	86	92	100	125	79	102	94	123	124	114
EMS calls	2,926	3,018	3,052	3,221	3,127	3,314	3,371	3,394	3,445	3,755
Public Works										
Refuge collected (cu. yds)								19,627	22,718	22,718
Brush collected/processed (cu.	yds.)							13,238	19,411	19,411
Wastewater										
Number of customers										
Residential and commercial	8,698	8,737	8,550	8,461	8,459	8,433	8,383	8,337	8,302	8,302
Industrial and institutional	47	50	49	47	47	42	38	38	33	34
Sewer charges (in thousands of \$'s)									
Residential	\$ 2,266	\$ 2,302	\$ 2,453	\$ 2,326	\$ 2,437	\$ 2,397	\$ 2,436	\$ 2,558	\$ 2,525	\$ 2,318
Commercial	\$ 4,023	\$ 4,218	\$3,958	\$ 4,256	\$4,152	\$3,816	\$ 4,197	\$ 3,979	\$4,130	\$ 4,427
Treatment capacity (MGPD)	25	25	25	25	25	25	25	14	14	14
Present Load (MGPD)	13	13	12	12	12	12	12	7	13	13

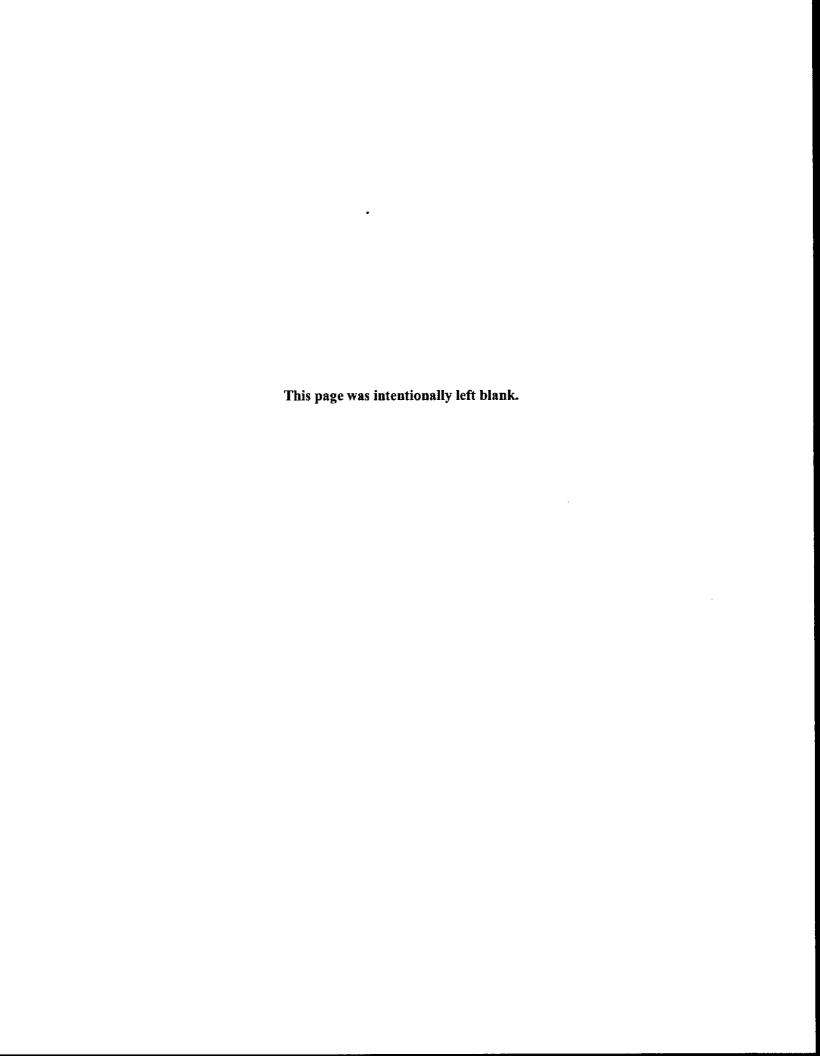
Source: City records

CITY OF KANKAKEE, ILLINOIS CAPITAL ASSET STATISTICS (Unaudited) Fiscal Years Ended April 30, 1999 to April 30, 2008

Function/Program	<u>1999</u>	<u>2000</u>	<u>2001</u>	2002	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Public Safety										
Police									_	
Stations	1	1	1	1	1	1	1	1	1	l
Patrol units	24	24	24	24	24	24	24	24	24	24
Fire										
Stations	6	6	6	6	6	6	6	6	6	6
Front-line apparatus	6	6	6	6	6	6	6	6	6	6
Public works										
Streets (miles)						248	249	254	256	270
Alleys (miles)						113	113	113	113	113
Bridges						17	17	17	17	17
Sidewalks (miles)						219	219	221	222	222
Streetlights						135	135	180	192	192
Traffic signals (intersections)						9	9	9	33	33
Storm sewers (miles)						117	117	119	120	122
Wastewater										
Sanitary sewers (miles)	118	118	118	118	118	118	130	145	145	145

Capital assets information (Public works section) are not available for years prior to fiscal 2004

Source: City records



SINGLE AUDIT SECTION



1949 West Court Street Kankakee, Illinois 60901 Phone: (815) 933-7781 Fax: (815) 933-2316 www.cpa-kankakee.com

PARTNERS

Larry D. Groskreutz, C.P.A. Stephen P. Schmidt, C.P.A.

REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Mayor and the City Council City of Kankakee Kankakee, IL 60901

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Kankakee, Illinois, as of and for the year ended April 30, 2008, which collectively comprise City of Kankakee, Illinois' basic financial statements and have issued our report thereon dated December 15, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Kankakee, Illinois' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Kankakee, Illinois' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Kankakee, Illinois' internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects City of Kankakee, Illinois' ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of City of Kankakee, Illinois' financial statements that is more than inconsequential will not be prevented or detected by City of Kankakee, Illinois' internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by City of Kankakee, Illinois' internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Kankakee, Illinois' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Tray, Trookreaty " Should

December 15, 2008



1949 West Court Street Kankakee, Illinois 60901 Phone: (815) 933-7781 Fax: (815) 933-2316 www.cpa-kankakee.com

PARTNERS

Larry D. Groskreutz, C.P.A. Stephen P. Schmidt, C.P.A.

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Mayor and the City Council City of Kankakee Kankakee, Illinois 60901

Compliance

We have audited the compliance of City of Kankakee, Illinois with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended April 30, 2008. City of Kankakee, Illinois' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of City of Kankakee, Illinois' management. Our responsibility is to express an opinion on City of Kankakee, Illinois' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Kankakee Illinois' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of City of Kankakee, Illinois' compliance with those requirements.

In our opinion, City of Kankakee, Illinois complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended April 30, 2008.

Internal Control Over Compliance

The management of City of Kankakee, Illinois is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered City of Kankakee, Illinois' internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Kankakee, Illinois' internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

City of Kankakee, Illinois' response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit City of Kankakee, Illinois' response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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December 15, 2008

CITY OF KANKAKEE, ILLINOIS SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the year ended April 30, 2008

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
MAJOR PROGRAMS			
Department of Housing and Urban Development			
Community Development Block Grant:			
Program year 2008	14.218	B-07-MC-17-0026	\$ 544,392
Program year 2007	14.218	B-06-MC-17-0026	160,057
•			704,449
Lead-Based Paint Abatement	14.900	ILL HB 0363-07	612,774
Community Development Block Grants - Section 108 Loan	14.248	B-07-MC-17-0026	500,000
Total Department of Housing and			
Urban Development			1,817,223
OTHER PROGRAMS			
Department of Labor			
Passed-through Senior Service America, Inc:			
Senior Aides Program - FY 08	17.235		123,304
Senior Aides Program - FY 07	17.235		23,128
Total Department of Labor			146,432
Department of Housing and Urban Development			
Passed-through Illinois Housing Development Authority:			
Homebuyer Acquisition and Rehabilitation Program	14.239	SHB-2571	138,905
Single Family Owner-Occupied Rehab Program	14.239		232,637
Small Rental Properties Program	14.239	HS-2565	157,498
Total Department of Housing and			
Urban Development			529,040

CITY OF KANKAKEE, ILLINOIS SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

(Continued)

For the year ended April 30, 2008

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
Department of Homeland Security			
Assistance to Firefighters - Firefighters Grant Program	97.044	EMW-2006-FG-16694	\$ 139,652
Department of Justice			
Bullet Proof Vest Partnership Program	16.607		3,176
FY2005 Justice Assistance Grant Program FY2006 Justice Assistance Grant Program FY2007 Justice Assistance Grant Program	16.738 16.738 16.738	2005-DJ-BX-1179 2006-DJ-BX-0852 2007-DJ-BX-0341	35,000 8,782 48,855 92,637
Passed-through Kankakee Area Metro Enforcement Group: Expanding Multi-jurisdictional Narcotics Unit Expanding Multi-jurisdictional Narcotics Unit	16.579 16.579	404505 405005	24,390 34,147 58,537
Passed-through Illinois Criminal Justice Information Authority: Law Enforcement/Prosecutor-Based Victim Assistance Services Law Enforcement/Prosecutor-Based Victim Assistance Services Law Enforcement/Prosecutor-Based Victim Assistance Services	16.575	206044 204744 206244	24,514 1,193 13,625 39,332
Community Prosecution & Project Safe Neighborhood Community Prosecution & Project Safe Neighborhood	16.609 16.609	106025 107025	26,773 12,063 38,836
Total Department of Justice			232,518
Department of Transportation			
Passed-through Illinois Department of Transportation: State and Community Highway Safety	20.600-605	OP7-2915-289	4,044
Total Other Programs			1,051,686
Total Federal Awards			\$2,868,909

CITY OF KANKAKEE, ILLINOIS NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the Year Ended April 30, 2008

SIGNIFICANT ACCOUNTING POLICIES:

The City's accounting records are maintained in accordance with the accounting principles generally accepted in the United States of America established by the Governmental Accounting Standards Board.

The significant accounting policies followed by the City are as follows:

Reporting Entity

The financial reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable.

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Under modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers grant revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual basis of accounting.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until earned.

CITY OF KANKAKEE, ILLINOIS SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the year ended April 30, 2008

SECTION I - SUMMARY OF AUDIT RESULTS:

Financial Statements

- 1. The auditors' report, dated December 15, 2008, expresses an unqualified opinion on the basic financial statements of the City of Kankakee.
- 2. No significant deficiencies or material weaknesses on internal control relating to the audit of the basic financial statements of the City of Kankakee are reported.
- 3. No instances of noncompliance material to the basic financial statements of the City of Kankakee were disclosed during the audit.

Federal Awards

- 1. No significant deficiencies on internal control relating to the audit of the major federal award programs of the City of Kankakee are reported.
- 2. The auditors' report on compliance for the major federal award programs for the City of Kankakee expresses an unqualified opinion on all major federal programs.
- 3. No audit findings relating to the major federal award programs of the City of Kankakee are reported.
- 4. Community Development Block Grant (CFDA #14.218), Lead-Based Paint Abatement (CFDA #14.900) and Community Development Block Grants Section 108 loan (CFDA #14.248)were tested as major programs for the year ended April 30, 2008.
- 5. The threshold for distinguishing Types A and B programs was \$300,000.
- 6. The City of Kankakee qualified as a low-risk auditee.

SECTION II - FINANCIAL STATEMENT FINDINGS:

No findings are reported.

SECTION III - SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS:

No findings were reported.